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APRIL 1990

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PREFACE

It is customary for the Committee on Environment and Public Works to conduct hearings on the annual budget requests for selected agencies under its jurisdiction. Further, written information is requested from agencies not appearing at formal hearings, and is made part of the Committee hearing record.

Due to the urgency of Senate business and the necessity for Members of this Committee to be present in the Senate chamber during consideration of S. 1630, the Clean Air Act Amendments of 1990, the Committee was unable to convene budget hearings within a time frame compatible with the schedule set forth in the Congressional Budget and Impoundment Control Act of 1974. In lieu of the hearing process, the Committee requested agencies to submit information in writing that helped form the basis for recommendations on the fiscal year 1991 budget resolution submitted to the Senate Budget Committee by Chairman Burdick and Senator Chafee on March 26, 1990. The statements and supporting material submitted by the agencies, and the letter sent to the Senate Budget Committee are included in this document.

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United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510-6175

March 26, 1990

The Honorable James R. Sasser
Chairman
The Honorable Pete V. Domenici
Ranking Minority Member
Committee on the Budget
U.S. Senate
Washington, D.C. 20510

Dear Chairman Sasser and Senator Domenici:

We are writing with recommendations for programs within the jurisdiction of the Committee on Environment and Public Works respecting fiscal year 1991 budget issues. As requested, our comments are directed to new initiatives before the Committee, savings proposals and proposals contained in the President's FY91 budget.

Environmental Protection Agency

Clean Air Act Amendments

As you are aware, the Committee has reported legislation to reauthorize the Clean Air Act and that measure (S. 1630) is currently being debated by the Senate. The President has requested an increase of $100 million to support implementation of Clean Air Act amendments which the Committee supports.

The substitute amendment before the Senate included several fee provisions which would help support state and EPA implementation of new requirements, including a $15 per ton emissions fee which the Congressional Budget Office estimates could result in $90 million of revenue annually beginning in 1993. In response to concerns raised by the Finance Committee, the Federal fee provisions have been stricken. We have agreed to work with the Finance Committee to include those provisions as part of a 1990 tax measure.

Asbestos in Schools

Funding for the grant and loan program under the Asbestos School Hazard Abatement Act of 1984 expires this year. Legislation is pending before the Committee to extend the authorization for five years at $250 million annually. We believe that extension and increase of the authorization over current levels is warranted to assist the schools least able to finance the implementation of their asbestos management plans. Schools began full implementation of the plans last summer and will continue to need assistance as they undertake activities set forth in their asbestos management plans.

Sewage Treatment

The FY91 request for the sewage treatment construction program administered by EPA is $1.6 billion, or $800 million short of the authorized level. This shortfall is significant since all funds this year are allocated to state revolving loan programs and are necessary to honor the commitment Congress made to states and municipalities in the 1987 Water Quality Act Amendments. As noted in our "views and estimates" in previous years, the multi-year phase out of the construction grant and loan fund will ultimately result in substantial savings to the federal government. $2.4 billion should be included in the FY91 budget resolution.

Water Quality

Nonpoint sources of water pollution contribute a substantial portion of pollution loadings to rivers, lakes, and marine waters. In response to the 1987 Clean Water Act amendments, States made a substantial investment in development of nonpoint pollution control plans. Over the past two years, forty State plans have been approved. The Clean Water Act authorizes $130 million in grants to assist in implementation of these plans. $37 million was appropriated last year and the President's budget for FY 91 includes, for the first time a budget request for the program of $14 million. It is our view that full funding for the program is essential if we are to respond to this serious water pollution problem and follow-through on our commitment to assist States in this effort.

Research and Development

Funding for EPA's research and development program is of critical concern. Measured against the FY80 administration request (exclusive of Superfund research) the budget request for FY91 is only $7 million more, unadjusted for inflation. During that time demands on the research program have grown substantially and the importance of long-term exploratory research has become apparent.

The EPA Science Advisory Committee reported to the Administrator in 1988 on the need to double EPA's research budget over a five year period. Subsequent EPA reports have confirmed the need for additional resources, including last December's report to the President under the Federal Manager's Financial Integrity Act, which observed that short-comings in EPA research facilities both pose health hazards to lab employees and interfere with the Agency's ability to carry out research mandates.

$450 million is requested for EPA's research program in FY91. We urge that an additional $200 million be allocated for this purpose.

Superfund

A primary consideration in analyzing the Superfund request for FY91 must continue to be compliance with legal obligations under the law. The legal obligation having the largest cost consequence is the cleanup schedules requirement under section 116 of the Superfund Amendments and Reauthorization Act of 1986 (SARA). Section 116 requires EPA within the final two years of the Reauthorization (FY 90, and FY 91) to begin new cleanup construction projects at a rate not less than one that will accomplish 200 such starts.

In March 8, 1990 testimony before the Senate Appropriations Subcommittee on VA, HUD-Independent Agencies, Administrator Reilly projected that under the President's budget request, EPA would likely start only 122 cleanups in the final two years of the Reauthorization, falling far short of the mandated 200 cleanups.

The disturbing bottom line is that EPA has submitted a budget that results in noncompliance with the law. It is worth noting that the Agency's current budget plan apparently exposes the Agency to a citizens suit for failure to comply with a nondiscretionary duty under the Superfund law.

Given the cost of initiating cleanup construction projects, to accomplish the additional cleanups for which EPA has not budgeted, would require a substantial increase above the President's request. We therefore recommend that the Budget Committee proceed with the assumption that at least the $1.74 billion requested by the President is necessary for FY 91. But given that such an amount will not result in compliance with the law, we recommend allocating even more for Superfund than was requested. We also recommend that the total allocation for Superfund include the remainder of authorized but still unappropriated general revenues, the appropriation of which was an important component of SARA's authorized level. Appropriation of authorized general revenues has no greater impact on the deficit than appropriating Trust Fund revenues, and is necessary to achieve the authorized funding levels. The recommended addition to Superfund should be based on the amount EPA determines is necessary to meet the mandated cleanup schedules under the law.

Emergency Planning and Community Right to Know

The Emergency Planning and Community Right to Know Act of 1986 (EPCRA) had two primary goals. The first goal was establishing at the federal, state, and local level mechanisms to prevent, plan for, and respond to chemical accidents. The second was the disclosure, collection, and dissemination of data on chemical releases into the land, water, and air by designated facilities. Despite the fact that National Response Center data shows that chemical accident reports have more than tripled since 1982, and despite a large projected increase in the number of pollution reporting forms that EPA must collect, process, quality assure, and publicly disseminate, the President's budget proposes an 11% decrease below the FY 90 current estimate for EPCRA. Such cuts would compromise efforts to enhance response to and prevention of chemical accidents, as well as efforts to provide accurate pollution data expeditiously to the public in user friendly form. We recommend that this program receive funding equal to the total of the current estimate and the still unobligated funds for workyears that were appropriated for EPCRA for FY 90, which would bring the program to about a $30 million level. We also recommend that increases beyond this level be considered to respond to increased workloads in the two primary components of the program, as well as associated increases for enforcement of the program.

Council on Environmental Quality

The Council on Environmental Quality is undergoing a period of growth and expansion. In addition to carrying out functions mandated under the National Environmental Policy Act, legislation pending before the Committee will charge the Council with greater responsibilities with respect to global environmental issues. The President has requested $2.8 million for the Council in FY91 $500,000 of which is to support environmental education awards. To support the increased activities set forth in S. 1089, the reauthorization legislation, we are recommending that $3.5 million be allocated for the Council in FY91.

U.S. Fish and Wildlife Service

Refuge Revenue Sharing Fund

The FY 1991 budget requests appropriation of $9 million for the Refuge Revenue Sharing Fund. This level of appropriations along with $3.6 million in receipts will provide only 74% of the total amount of payment due to counties with U.S. Fish and Wildlife Service lands. The continued failure to provide full refuge revenue sharing payments is damaging efforts to conserve valuable wildlife habitat and to maintain county services. Therefore, the budget resolution for FY91 should include an increase of $4.4 million over the President's proposal to provide full refuge revenue sharing payments.

Cooperative Endangered Species Conservation Fund

The FY91 budget request includes $5.7 million for matching grants to states under section 6 of the Endangered Species Act. Because this cooperative federal-state program is essential to the recovery of threatened and endangered species and to the implementation of the Act generally, Public Law 100-478 established a Cooperative Endangered Species Conservation Fund to provide greater federal assistance to the states. This increased assistance is badly needed. We urge you, therefore, to include in the budget resolution the $17 million provided by the Cooperative Endangered Species Conservation Fund in FY91. To do otherwise will prevent significant progress toward the Act's goals.

Conservation of Non-game Migratory Birds

Public Law 100-653 amended the Fish and Wildlife Conservation Act of 1980 to require the U.S. Fish and Wildlife Service to monitor the 757 species of non-game migratory birds; to study the effects of environmental changes on these birds; and to identify conservation actions to be undertaken to prevent them from having to be listed under the Endangered Species Act. In spite of this significant new statutory requirement, the FY91 budget request includes a decrease of $1.05 million for non-game migratory bird research and management. We urge instead that $2.0 million be provided in FY91 for these purposes. Prevention is far more effective and less expensive as a strategy for wildlife conservation than is the saving of species on the brink of extinction.

North American Wetlands Conservation Fund

We support the FY91 budget request for appropriations of $15 million for the North American Wetlands Conservation Fund. This level of funding, authorized by the North American Wetlands Conservation Act, is essential in order to provide adequate funding for conservation of wetland habitat for migratory birds and other fish and wildlife in North America. We urge that the budget resolution accommodate the President's request for this program.

Highways

Almost the entire Federal contribution to the Federal-aid highway program is financed by highway users through excise taxes on gasoline, diesel fuel, tires, truck sales, and other transportation-related items. The program is a prime example of user-fee financing. However, Federal budgetary constraints have kept the level of spending below annual income levels for several years.

According to the Congressional Budget Office, spending held constant in 1985 dollars has fallen each year for the past five years as shown in the following chart. The President's FY91 budget continues that downward trend.

FEDERAL-AID HIGHWAY PROGRAM OBLIGATIONS

(by fiscal year, millions of dollars)

	1985	1986	1987	1988	1989
Total Obligations, Nominal Dollars	14,120	14,299	12,915	13,186	13,623
Total Obligations, 1985 Dollars	14,120	13,932	12,216	12,100	11,991

At present, there is a checkbook balance of $10.5 billion in the Trust Fund's highway account. In FY90 and FY91, $13.5 and $13.6 billion respectively are expected in tax receipts to the highway account. In addition, interest payments to the highway account in FY90 and FY91 will amount to $1 billion each year. (An estimated $1.3 billion is anticipated in annual receipts to the Highway Trust Fund's transit account. That account currently has a balance of over $5 billion.)

The U.S. Department of Transportation's most recent highway and bridge needs report shows that a total of $25.1 to $28.8 billion per year is required to maintain 1985 system performance--or the status quo--on Federal-aid systems. Earlier this month, the Administration's transportation policy proposal, Moving America, was released. The report correctly observes: "No industry in the Nation is more important to U.S. economic growth and international competitiveness than transportation." And yet, DOT proposes shifting more of the costs to state and local governments and the private sector.

There has been a primary Federal role in public works--particularly transportation--since the early 19th century. A strong partnership exists among Federal, state, and local governments in funding highways and bridges; the current contribution of all funds spent on highways and bridges is 25-50-25 percent respectively. Adequate financing is not available to meet current needs. But we must put existing user fees to work on the construction and repair of our transportation infrastructure to the maximum extent possible.

The President's FY91 budget proposes an obligation limitation of $12.0 billion, a cut of 1.6 percent from last year's enacted level. Public Law 100-17 established an obligation ceiling of $12.35 billion and an outlay level of $13.5 billion for FY91. The National Governors' Association, the American Association of State Highway and Transportation Officials, and other national groups favor increasing the obligation ceiling to $15 billion per year and spending down the cash balance in the Trust Fund.

Legislation to reauthorize the highway, highway safety, and transit programs will be addressed next year. The Highway Trust Fund can support higher levels of spending for these important programs, the needs are escalating, and the Federal government has a long-standing responsibility to pay its share for the transportation system so essential to our nation's economic vitality. We strongly urge that the authorized level of spending--at a minimum--be honored.

Corps of Engineers

We believe that the environmental initiatives taken in the proposed budget for FY91 represent significant shifts in the Corps program toward environmental engineering. We strongly support these initiatives.

We are concerned, however, by the "no new starts" policy of the FY91 budget. As we stated last year, the reforms of the 1986 Water Resources Development Act only have meaning if they are used and applied to new water projects. Failure to do so only calls into question the viability of those reforms. We would support the initiation of a few new projects in FY91, provided that this is accomplished within existing budgetary guidelines.

We are aware of the Administration's proposals to extend the beneficiary pay principle to the Flood Plain Management Services Program and the Section 22 program for Planning Assistance to States; impose recreation user fees at Corps operated reservoirs; and increase the ad valorem fee on cargo loaded and unloaded at U.S. ports.

We intend to review these proposals in the context of hearings on a 1990 Water Resources Development Act. We believe that, if a proper definition of maintenance covered under the ad valorem fee increase proposal can be developed, the authority to utilize funds for 100% of such costs from the Harbor Maintenance Trust Fund will be included in the 1990 Water Resources Development Act. We would note, however, that the Finance Committee has jurisdiction over the raising of the level of the harbor fee itself.

General Services Administration

The President has requested $3.8 billion in new obligational authority for the General Services Administration's Federal Buildings Fund for fiscal year 1991. The Administration proposes to begin construction of five new courthouses in fiscal 1991 and to devote over half a billion dollars to the alteration and repair of buildings in the Federal inventory. The Judiciary is faced with a critical shortage of space, and the state of disrepair of many public buildings poses health and safety risks to Federal employees. We recommend full funding of the President's budget request for the Federal Buildings Fund.

In addition, the Office of Management and Budget (OMB) recently announced the Administration's intention to submit a supplemental budget request for fiscal year 1991 in order to begin construction of 12 much-needed public buildings projects. OMB indicated that the Administration will seek for fiscal year 1991 an additional $1.4 billion in budget authority and an additional $41 million in budget outlays over the amounts originally requested for the General Services Administration. We urge that adequate funds be included in the budget resolution to cover this anticipated request.

Federal Emergency Management Agency

The FY 91 $270 million request for the disaster assistance program is in keeping with previous budget requests. The disaster assistance program did receive additional appropriations in FY89 totaling $1.1 billion and in FY90 totaling $1.1 billion due to Hurricane Hugo and the Loma Prieta earthquake. This accounts for an artificially high baseline figure in FY91 for disaster assistance, but illustrates as well the potential demand for resources to respond to large disasters. We are supportive of the President's request for this program in the coming year, and have urged the administration to fill vacant leadership positions within the Agency to implement needed policy changes identified in the wake of Hurricane Hugo and the Loma Prieta earthquake.

Oil Spill Legislation

The Committee currently is participating in a conference to resolve differences between the comprehensive oil spill bills passed last year by the House and Senate. Implementation of this legislation, which is one of our highest priorities, will involve significant new expenditures from the Oil Spill Liability Trust Fund established by section 9509 of the Internal Revenue Code of 1986. We urge that the budget resolution provide for full implementation.

NRC User Fees

We are opposed to the proposal in the President's budget to recover 100% of the Nuclear Regulatory Commission's expenses through user fees. The issue of increased NRC fees has been addressed in the context of reconciliation legislation in 1985, 1987 and 1989. The Committee has consistently maintained during deliberations on these reconciliation bills that increases on the order of the Administration proposal are both impractical and inequitable. It would be impossible to reasonably relate the fees assessed to the services rendered and would be unfair to require those subject to regulation by the NRC to bear a burden that those regulated by other agencies are not required to meet. We are opposed to elevating NRC fees above the current level.

Finally, we observe that the Environment and Public Works Committee has made every effort through the years to do its share to reduce deficit spending and provide savings, where possible, to the Federal government. Past experience has shown that there are institutional and procedural constraints which limit the Committee's ability to attain savings unilaterally in most of our programs. We appreciate your careful consideration of this point as you develop the FY91 budget resolution, and your attention to our views and recommendations respecting programs in our jurisdiction.

Sincerely,

John H. Chafee
Ranking Minority Member

Quentin N. Burdick
Chairman

APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL CO-CHAIRMAN
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
202/673-7856

March 1, 1990

The Honorable Quentin N. Burdick
Chairman
Senate Committee on Environment
  and Public Works
Washington, D.C. 20510-6175

Dear Chairman Burdick:

At your request, I submit the following information as required by section 301(d) of the Congressional Budget and Impoundment Control Act:

1. Increases or decreases, by appropriation line item, between the FY90 appropriated level and the requested level of funding and personnel for agency programs in the FY91 budget.

   Response: The FY90 appropriation line item for the ARC was $147,900,000, excluding the $2,100,000 reduction pursuant to P.L. 99-177. The FY91 requested level of funding is $50,000,000, a decrease from FY90 of $97,900,000. The personnel levels for both years remain the same. Since 1983, there has been no request from the Administration for ARC funding. For FY91, however, the Administration has requested funding at a reduced level from previous appropriations. Personnel requirements of 10 Federal and 55 Commission employees remain the same because the current level is seen as the minimum necessary to conduct the Commission's business. Sixty position have been eliminated since 1980.

2. Increases or decreases that are proposed in user fees or revenues to support program objectives.

   Response: User fees or revenues are not used by ARC to support program objectives. Thus, no increases or decreases are proposed.

3. Any necessary or contemplated legislative initiatives to implement any part of the agency's FY91 budget request or program objectives.

   Response: No legislative initiatives are necessary or contemplated to implement the FY91 budget request or program objectives.

4. Indicate if any rescissions, deferrals or supplementals are proposed for FY91.

Response: No rescissions, deferrals or supplements are proposed by ARC for FY91.

I trust this information is satisfactory. However, if additional information is needed, I will be pleased to provide it.

Sincerely,

Jacqueline L. Phillips

Jacqueline L. Phillips
Federal Co-Chairman

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C. [illegible]

17 MAR 1990

Honorable Quentin N. Burdick
Chairman
Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510-6175

Dear Mr. Chairman:

This is in response to your letter of February 20, 1990, requesting information on our Fiscal Year 1991 budget request. The enclosures contain the specific information you requested, arranged in the order the questions were presented. Also enclosed are the complete statements of the Chief of Engineers and myself, which were presented to the Subcommittee on Energy and Water Development, Committee on Appropriations, House of Representatives, on February 6, 1990. These statements summarize the Civil Works budget request for Fiscal Year 1991.

A similar letter has been provided to Senator John H. Chafee, Ranking Minority Member, Committee on Environment and Public Works.

Sincerely,

Robert W. Page
Assistant Secretary of the Army
(Civil Works)

Enclosures

cf: Ms. Stephanie Clough
Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510-6175

Responses of the
Assistant Secretary of the Army (Civil Works)
to Points on the FY 1991 Budget
raised by the Chairman and Ranking Minority Member
Committee on Environment and Public Works
United States Senate

Question. Discuss increases or decreases, by appropriation line item, between the FY 90 appropriated level and the requested level of funding and personnel for agency programs in the FY 91 budget. Please discuss the rationale for the changes.

Answer. This information is presented in the following two tables.

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
COMPARISON OF PROGRAM AMOUNTS FOR FISCAL YEARS 1990 AND 1991
(Dollars in Thousands)

APPROPRIATION TITLE	FY 1990 (Approp.) a/	FY 1991 Budget Request		Funding Change	Primary Basis for Change
GENERAL INVESTIGATIONS	129,251	135,400		6,149	o Increased funding for R&D.
CONSTRUCTION, GENERAL					
General Funds	986,477	1,093,200	b/		
Inland Waterways Trust Funds	117,334	132,800			
TOTAL APPROPRIATION	1,083,811	1,226,000		142,189	o Second year funding for FY 90 new starts.
OPERATION AND MAINTENANCE, GENERAL					
General Funds	1,176,795	884,000			
Special Recreation Use Fees	19,720	20,000			
Harbor Maintenance Trust Funds	161,704	485,500	c/		
TOTAL APPROPRIATION	1,358,219	1,389,500		31,281	o Reflects increase in Harbor Maintenance Trust Fund to cover 100 percent, rather than 40 percent, of costs to maintain navigation projects.
REGULATORY PROGRAM	68,455	75,100	d/	6,645	o Reflects increases to allow continued emphasis on wetland protection.
F.C., MISSISSIPPI RIVER & TRIB'S	330,296	334,500		4,204	o Reflects increased construction earnings ($548K) and increased maintenance ($2.615M), plus minor increases in General Investigations including one new PED.
GENERAL EXPENSES	126,997	136,100		9,103	o Reflects increase of $4.4M for FY 90 pay raise, benefits and within grade increases, and $1.2M for half of FY 91 pay raise IAW OMB guidance. o Provides $1.1M to support new activities including WRDA '86 requirement to establish an Office of Environmental Policy and Regulatory Program funds control system, and development of systems to support project schedule and cost control. o Reflects increase of $1.2M for increased rent and utility (SLUC) costs. o Reflects increase of $1.2M for minimal inflation for supplies and equipment, printing and reproduction, ADP and other contractual services, and travel.
F.C. & COASTAL EMERGENCIES	0	25,000		25,000	o Unobligated carryover is considered adequate to cover costs in FY 90.
REVOLVING FUND	9,860	0		(9,860)	o No hardware acquisition under automation plan permitted beyond pilot test.
PERMANENT APPROPRIATIONS	12,000	12,000		0	
TOTAL, FEDERAL BUDGET AUTHORITY	3,118,889	3,333,600		214,711	

a/ Reflects G-R-H sequester of 1.4 percent.
b/ Excludes $2.0 million which is proposed for later transmittal pending enactment of authority to transfer the Bridge Alteration Program from the U.S. Coast Guard.
c/ Includes $293 million which is dependent upon enactment of proposed legislation.
d/ Excludes $4.0 million which is proposed for later transmittal pending enactment of authority to transfer the Bridge Alteration Program from the U.S. Coast Guard.

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
COMPARISON OF PERSONNEL ALLOCATIONS FOR FY 90 AND FY 91

FTE ALLOCATION

APPN	FY 1990 Approp	FY 1991 Budget	Change	Explanation
GI	1,991	1,943	-48	Reduction reflects accounting adjustment with R&H Contributed funds.
CG	5,201	5,569	368	Reflects adjustment with R&H contributed account. Includes EPA support (743 FTE) Bridge Admin (2 FTE) and Employee Compensation Reduction program (37 FTE).
OM	14,303	13,876	-427	Estimated A-76 Program savings (-757) and adjustment to regulatory program (110) and other efficiency adjustments.
RP	1,250	1,315	65	Increase Regulatory (GR) Program. Increase for Bridge Admin Program (53) to be transferred from USCG. Legislation pending.
GE	1,726	1,745	19	Personnel increase for project management and cost estimating at HQUSACE.
FC, MRT	2,386	2,253	-133	Workload and accounting adjustments with R&H Contributed account.
FCCE	185	167	-18	Reflects expected activity.
PA	20	20	0	No adjustment.
R&H Contrib	719	676	-43	Reflects accounting adjustments with GI, CG, and FC, MRT accounts.
RF	361	361	0	No adjustment.
SUBTOTAL	28,142	27,925	-217	
Adjustments	-27	-37	-10	Unspecified adjustments pending FTE Analysis
TOTAL	28,115	27,888	-227	

Question. Discuss increases or decreases that are proposed in user fees or revenues to support program objectives.

Answer. This information is presented in the following table.

USER FEES - NEW

SUMMARY

(Dollars in Millions)

Account	$	Action Required
1. Harbor Maintenance Trust Fund	293.0	Legislation
2. River and Harbor (G.I. Acct)		
a. Cost Sharing Flood Plain Mgmt Services	0.8 (FY 91) *	Legislation User fee estimate for FY 93 (50%) = $3.6 M.
Planning Assistance to States (Section 22)	0.5 (FY 91) *	Legislation User fee estimate for FY 93 (50%) = $2.8 M.
b. User Fees (G.I.) Flood Plain Mgmt Services	0.2 (FY 91) *	Legislation User fee estimate for FY 93 = $1.6 M.
3. User Fees-Governmental Receipts		
Regulatory Program	16.5	Administrative Regulations
4. Special Recreation User Fee	20.0	Legislation. Not available for appropriation until FY 92.
Total New Fees	331.0	

* First phase @ 10%

Question. Any necessary or contemplated legislative initiatives to implement any part of the Agency's FY91 budget request or program objectives?

Reponse. There are five legislative proposals necessary to implement the President's budget proposal for the Civil Works program. They include four cost recovery proposals: expanded recreation user fees at water resources development areas administered by the Corps of Engineers and increased harbor maintenance fee; establishment of cost-sharing for the Section 22, Planning Assistance to States program and for the Flood Plain Management Services Program. In addition, we have one proposal to establish a magnetic levitation program which promotes the use of the Corps technical, scientific, and construction management expertise in partnership with other Federal agencies and the private sector.

A summary of each of these proposals follows:

RECREATION USER FEES

One of our most important proposals would authorize the collection of user fees for use of specialized recreation sites and facilities, including but not limited to, improved campsites, swimming beaches, and boat launching ramps at water resources development areas administered by the Department of the Army. Enactment of the legislation would remove existing restrictions on the authority of the Department of the Army to impose reasonable charges for use of certain developed recreation areas under its administration and would eliminate the requirement to provide one free campground at each project where camping is permitted. The legislation does not authorize the imposition of fees for general public access to water resources development projects for the use or provision of drinking water, wayside exhibits, general purpose roads, overlook sites, toilet facilities, or general visitor information.

The revenues could be used to administer one of the largest systems for outdoor recreation in the entire Federal Government. Currently, the bulk of the cost of operating and maintaining this extensive program has been borne by the general taxpayers even though an easily identifiable group -- those who actually visited our recreation areas and used our facilities -- derived a direct benefit at little or no cost to themselves.

HARBOR MAINTENANCE FEE.

Our other major cost recovery proposal would increase the ad valorem rate on the value of commercial cargo subject to the fee from 0.04 percent to 0.115 percent. This would allow recovery of up to 100 percent of the eligible amount of the Operation and

Maintenance dredging program costs from the Harbor Maintenance Fee. This proposal is consistent with the precept that beneficiaries of services should pay for those services. It is also consistent with the cost sharing philosophy embodied in the Water Resources Development Act of 1986 where other water resources projects are operated and maintained at 100 percent non-Federal cost. The Harbor Maintenance Fee was established by the Water Resources Development Act of 1986, P.L. 99-662. Currently, revenues from the fee may be expended to pay 100 percent of eligible operations and maintenance costs of the Saint Lawrence Seaway, and to pay not more than 40 percent of eligible operations and maintenance costs assigned to commercial navigation harbors and inland harbors. (Funds can also be expended for payment of rebates of tolls or charges on the Saint Lawrence Seaway.)

COST-SHARING OF PLANNING ASSISTANCE TO STATES

This cost-sharing proposal would authorize the Secretary of the Army to recover 50 percent of the costs of providing water resources planning assistance under Section 22 of the Water Resources Development Act of 1974. The enactment of such legislation would enable the Secretary of the Army to maintain this successful program while reducing the programs' budgetary impacts by applying the cost-sharing. The assistance currently provided under this program supports and supplements States' efforts and, in many cases, becomes an integral part of a State's overall comprehensive plan. Application of the cost-sharing and beneficiary-pay principles of the Water Resources Development Act of 1986 will allow the Corps of Engineers to address current program demands. Because beneficiaries of these programs have voiced the hardships that would be brought about by initiating cost-sharing in one year, it is proposed that the cost-sharing be phased in over a three-year period, beginning at 10 percent in Fiscal year 1991, 30 percent in 1992, and increasing to 50 percent in 1993.

COST-SHARING OF FLOOD PLAIN MANAGEMENT SERVICES.

Our other cost sharing proposal would authorize the Secretary of the Army to recover 50 percent of the program costs of flood plain management services provided under Section 206 of the Flood Control Act of 1960 to beneficiaries of the services. The Secretary of the Army is currently authorized to provide flood plain information and assistance upon request from other Federal agencies and state, local and private interests to assist those entities in flood plain land use and development decision making. During Fiscal Year 1989 alone, the Corps provided over 96,000 responses to requests involving potential flood plain development valued at over $15 billion. Similar to our Section 22 initiative, the cost-sharing would be phased in over a three-year period, beginning at 10 percent in Fiscal year 1991, 30 percent in 1992, and increasing to 50 percent in 1993. Cost recovery would be made through user charges imposed on various categories of users of the service.

MAGNETIC LEVITATION TRANSPORTATION SYSTEM IMPLEMENTATION PLAN.

Our magnetic levitation proposal would provide for interagency coordination of an implementation plan for the development of an operational United States MAGLEV system that would offer significant advantages over existing foreign systems and would utilize United States strengths in superconductivity, composite material and modular construction. Although much of the basic and applied research on MAGLEV and system components has been completed, a significant development effort is needed to design second generation MAGLEV systems suitable for commercial implementation in the United States. The development of this program would include the development of a detailed implementation plan and a pilot program which would include the design, construction, operation, testing and evaluation of a prototype vehicle guideway system. The Army Corps of Engineers would serve as project manager of an interagency effort with other Federal agencies to coordination with non-Federal agencies and the private sector.

Question. Please indicate if any recissions, deferrals or supplementals are proposed for FY 91.

Answer. No recissions, deferrals or supplementals are proposed for FY 91.

Queston: It has been reported that the ad valorem fee for cargo loaded at U.S. ports covers 40% of the costs incurred by the Corps for dredging the nation's coastal harbors. If that is the case, why has it been proposed to triple the fee to cover the balance?

Answer: The 0.04% Harbor Maintenance Fee was formulated to return approximately $160 million in revenue by FY-89; this was estimated as 40% of the Operation and Maintenance target of about $400 million. The current legislation is targeted for a FY 91-93 recovery level of about $520 million. In addition to this, about $11.5 million was added for the St. Lawrence Seaway Development Corporation; about $5 million to administer the Harbor Maintenance Fee and Trust Fund, and $45.5 million recovery of costs of the National Oceanic and Atmospheric Administration (NOAA). This brings the total recovery target to approximately $580 million.

Because the Harbor Maintenance Fee is an *ad valorem* fee, the revenue will change in proportion to the level of cargo and its value, even though the rate remains the same. To compensate for this, we were required to project cargo value thru 1993. Including both traffic growth and inflation, we estimated a growth rate of about 4.5% per year. This means that even at the 0.04% rate, we would expect revenue to increase from $160 million to about $184 million by 1992 (the median target year). If 0.04% is equal to $184 million, then a rate of about 0.126% will be required to recover $580 million. We decided to recommend a recovery rate of 0.125%. That is how the rate was derived.

Question. Please outline the environmental maintenance and restoration initiatives included in the FY 91 budget.

Answer. Each initiative is described briefly in the following pages.

FISCAL YEAR 1991 INITIATIVES

Environmental Maintenance and Restorations: GENERAL INVESTIGATIONS — FY 1991 Budget

Climate Change Research Program- Research & Development 500,000

This program is designed to respond to respond to the president's initiative on global warming expressed through the Intergovernmental Panel on Climate Change and the Federal Coordinating Council for Science, Engineering, and Technology in the Executive Office. The purpose of the program is to enable the Corps of Engineers to develop predictive models and evaluation techniques and procedures that will assist project analysis to formulate and evaluate cost effective solutions and coordinated response strategies under conditions of climate uncertainty.

Columbia River Treaty Fishing Access Sites, OR and WA (PED) 450,000

Public use of shoreline land, particularly for the booming sport of wind surfing, has emphasized conflicts between the Indians and non-Indian river users and the need to provide access to the river for Indian fisherman. Public Law 100-581, Title IV - Columbia River Treaty Fishing Access Sites, provides authority to implement a wide range of land management, transfer, acquisition, and development actions to provide fishing access for Indian tribes who exercise treaty fishing rights on the Columbia River. This project will provide for fishing access improvements including access roads, boat ramps, docks, sanitation, and fish cleaning facilities.

Coordination with Other Federal Agencies:

National Estuary Program 200,000

This program is to initiate cooperation with Federal and state agencies in the Environmental Protection Agency's National Estuary Program.

North American Waterfowl Management Program 200,000

This program is to initiate cooperation with Federal and state agencies, and non-Federal interest in support of the North American Waterfowl Management Plan administered by the Fish & Wildlife Service.

Missouri River Fish & Wildlife Mitigation, IA,NE,KS,MO(PED) 429,000

This project would mitigate the losses to fish and wildlife resulting from the construction and operation of the Missouri River Bank Stabilization and Navigation Project. The mitigation would develop 16,900 acres of public lands; and it would restore and preserve 1,900 acres of non-public aquatic lands, 1,300 areas of public aquatic lands, and 28,000 acres of non-public timber-brush habitat. An estimated 29,900 acres of mostly undeveloped non-public land would be acquired to implement the project.

Richard B Russell Dam & Lake, Wildlife Mitigation,GA,SC(PED)300,000

The construction of the Richard B. Dam & Lake project has innundated 28 miles of the Savannah River and 26,650 acres of productive wildlife lands. Wildlife resources will be largely eliminated on an additional 12,447 acres of land adjacent to the pool where authorized recreation areas are being sited. This project includes acquisition, development, and management for wildlife purposes of about 11,400 acres in Georgia at the South Amicalola site in Dawson County and about 10,100 acres in South Carolina at the Milbury site in Allendale County, as well as wildlife purpose management of certain tracts of Federally owned land around the Corps of Engineers Clarks Hill Lake.

FISCAL YEAR 1991 INITIATIVES

Environmental Maintenance and Restorations: CONSTRUCTION, GENERAL	FY 1991 Budget
Columbia River Juvenile Fish Mitigation, WA, OR and ID	$15,800,000

The Mitigation consists of (1) continued construction of juvenile fish passage measures at Lower Granite, Little Goose, and Lower Monumental, on the Snake River, and McNafy on the Columbia River and (2) a detailed mitigation analysis, to be prepared in cooperation with regional interests, for juvenile fish losses at Corps dams on the mainstem Columbia and Snake Rivers. Completion of the additional and improved bypass and transportation facilities will increase the survival of migrating juvenile fish passing mainstem dams. The detailed Mitigation Analysis will determine the overall extent of the justified fish mitigation for the mainstem Lower Columbia and Snake Rivers.

Project Modifications for improvement of the Environment (Section 1135)	5,000,000

Section 1135 of the Water Resources Development Act of 1986 (PL 99-662) authorizes up to $25,000,000 to review the operations of Corps water resources projects to determine the need for structural or operational modifications for the purpose of improving the quality of the environment in the public interest, and to carry out a demonstration program of such modifications that are feasible and consistent with authorized project purposes. The non-Federal share of the cost of any modifications will be 25 percent.

Tennessee-Tombigbee Waterway Wildlife Mitigation, AL and MS	20,000,000

The wildlife mitigation project will include acquisition and management of not less than 20,000 acres to be acquired in the area of the Mobile-Tensaw Delta in Alabama and not less than 25,000 acres to be acquired in the areas of the Pascagoula River, the Pearl River, and the Mississippi River Basins in Mississippi. Other lands are to be acquired anywhere in the States of Alabama and Mississippi. A plan of management by the States of Alabama and Mississippi of mitigation lands currently owned by the United States is being developed jointly as specified in the authorizing legislation. This plan is expected to be extended to manage the land that will be acquired as part of this mitigation project. The total project cost, all Federal, is $66,000,000.

OPERATION AND MAINTENANCE, GENERAL

WETLANDS RESEARCH PROGRAM

The proposed Wetlands Research Program (WRP) is consistent with the President's stated policy of no net loss as a national goal which includes redirection or expansion of Federal research and development to maximize efforts aimed at effective wetlands creation, restoration and maintenance. The WRP applies to a broad range of Operation and Maintenance activities where work, such as the disposal of dredged material, must be carefully planned and managed to minimize or mitigate wetland impacts. We expect to develop improved project management and maintenance strategies which involve coastal, riverine, and upland wetland areas. To expedite achievement of this goal, the program has been placed on a fast track for completion within three years at an estimated total cost of $22 million.

MISSISSIPPI RIVER AND TRIBUTARIES

DAVIS POND FRESHWATER DIVERSION STRUCTURE-MS DELTA REGION, LA & MS (CONSTR)

The Davis Pond structure, an element of the Mississippi Delta Region Project, is located in St. Charles Parish just downstream of Luling, Louisiana.

Davis Pond will divert freshwater westward from the Mississippi River to coastal bays and marshes in the Barataria Bay Basin for fish and wildlife enhancement. Benefits will include restoration of former ecological conditions by controlling salinity and supplementing nutrients. A total of 83,000 acres of marsh land will be preserved and 777,000 acres of marshes and bay will be benefited by the project.

YAZOO BASIN BACKWATER PROJECT MITIGATION, MS (CONSTR)

The Yazoo Backwater Project provides flood protection for the alluvial flood plain of the Yazoo River Basin. The backwater levee has been completed for the Yazoo and Sataria Areas. Agricultural lands, of which a majority is frequently flooded, are being acquired in fee from willing sellers in the vicinity and will be reforested in bottomland hardwoods to offset the terrestrial wildlife losses which may result from the levee portion of the project.

YAZOO BASIN, MS-REFORMULATION STUDY

We are studying the remaining unconstructed features of the Yazoo Basin project to reformulate the project, with emphasis on increasing urban flood protection, decreasing agricultural intensification, and reducing adverse environmental impacts. The study will be completed in phases and interim reports will be prepared beginning in FY 1992.

Question. Please describe in some detail the Corps dredging research program, specifically highlighting efforts in the disposal of contaminated sediment. How much is budgeted in FY91 for this work?

Answer. The Dredging Research Program began in FY88 and has been formulated to extend over a 6-year period at a total cost of $35 million.

The Dredging Research Program will begin its fourth year in FY91. The purpose of the program is to reduce the cost of dredging operations by developing, adapting, and demonstrating equipment and operational tools that can provide rapid and broadly applicable benefits to the Corps. Examples of program activities include:

-- Development of an improved, more effective drag head design for hopper dredges.

-- An automated inspection system to supplement Federal employee inspection of contract dredging.

-- Studies on comprehensive management techniques for dredging operations.

-- Acoustic devices for rapid surveys of consolidated sediments.

-- Detailed designs for a new sand bypassing educator system.

-- Development of methods for predicting sediment movement at disposal areas.

There is no contaminated sediment research included in the Dredging Research Program since it is dedicated solely to the engineering and production aspects of the dredging process. However, research on contaminated sediments is conducted in the Corps Long-Term Effects of Dredging Operations research program to provide new or improved technology to predict long-term, including cumulative, environmental impacts and to address methods of managing contaminated sediments. Long-Term Effects of Dredging funding requirements for FY91 are $1,100,000. Work on contaminated sediments is also underway in the Improvement of Operations and Maintenance Techniques research program on contaminant release during dredging and innovative technologies for dredging contaminated sediments. FY91 funding in $190,000.

Question. Please describe in some detail the Corps wetlands research program. Is the Corps involved in the creation of artificial wetlands? If so, have any projects been successful?

Answer. The new Wetlands Research Program builds on current and past Corps wetlands research and operational programs. The program will intensify Corps efforts to more effectively manage, protect, and enhance the nations wetlands with new or improved practical methods and techniques. We expect useful products during the 3-year life of the Wetlands Research Program, not just at the end. The program will be intensively coordinated and have cooperative efforts with other Federal, State, and local government agencies and private environmental and resource organizations.

Examples of the benefits and products we expect to come from the Wetlands Research Program include:

-- Develop and demonstrate new or improved wetlands restoration and development techniques for a broad range of wetlands projects, coastal, riverine, upland, encompassed in Corps of Engineers activities.

-- Study existing wetlands restoration and development sites to quantify the functions and values of these man-made wetlands and how well they perform.

-- Develop and demonstrate improved methods for wetlands stewardship and management.

-- Develop standards for remote sensing and data management for wetlands accounting and collecting compatible field data.

-- Demonstrate reduction of multiple-source contaminants using wetlands.

The Corps of Engineers has been developing and restoring wetlands for the past two decades. The developed and restored wetlands are built from natural materials and, depending on construction criteria, perform fully natural functions.

Wetlands have been successfully established, for example, at Bolivar Peninsula, Texas (1973-78 under the Dredged Material Research Program), Gaillard Island, Alabama (1980's by the Mobile District), Miller Sands Island, Columbia River, Oregon and Mud and Grassy Island, Michigan. Over 130 wetlands areas have been purposely established using dredged material substances in U.S. waterways. The larger wetlands are found in at least 16 states in over 35 locations resulting in thousands of acres of wetlands.

Functions of these wetlands include, but are not limited to, endangered species, wildlife habitat, breeding/nursery grounds for aquatic life, and recreation.

DEPARTMENT OF THE ARMY

OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

COMPLETE STATEMENT

OF

THE HONORABLE ROBERT W. PAGE

ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON THE

FISCAL YEAR 1991 CIVIL WORKS BUDGET

FEBRUARY 6, 1990

STATEMENT OF ROBERT W. PAGE
ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)
BEFORE THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT, COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES ON THE FISCAL YEAR 1991 CIVIL WORKS BUDGET

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

INTRODUCTION

I am pleased to be testifying before this Subcommittee today on the proposed Fiscal Year (FY) 1991 budget for the Civil Works program of the Army Corps of Engineers. Assisting me are the Principal Deputy Assistant Secretary, Mr. John S. Doyle, Jr.; the Chief of Engineers, Lieutenant General Henry J. Hatch; the Director of Civil Works, Major General Patrick J. Kelly; and the Chief of the Civil Works Programs Division, Mr. Don B. Cluff.

My statement covers the following topics:

> Overview of the President's FY 1991 Civil Works budget;
> Items of Special Interest, FY 1989 and FY 1990; and
> Specifics of the FY 1991 Civil Works budget, including:
  - Construction Program,
  - Operation and Maintenance Program,
  - Regulatory Program,
  - Changing priorities of the Civil Works budget,
  - Extensions of the beneficiary pay principle, and
  - Support for others.

The Chief of Engineers also has a statement which provides additional details on the President's budget for the Civil Works program.

OVERVIEW OF THE PRESIDENT'S FY 1991 CIVIL WORKS BUDGET

The proposed FY 1991 budget for the Civil Works program totals $3.54 billion, a 7 percent increase over the post-sequester level for FY 1990. This is a sound and responsible budget. The budget reflects the Administration's continued support for development of the Nation's water resources for commercial navigation and flood control and for efficient management of Corps of Engineers operated and maintained navigation systems and reservoirs.

The budget also places new emphasis on maintaining and restoring the environment. A number of important initiatives are budgeted which will mitigate environmental losses at previously constructed projects and further address innovative approaches to the Nation's infrastructure problems. The initiatives include budgeting, for the first time, Columbia River juvenile fish mitigation and Tennessee-Tombigbee Waterway wildlife mitigation. In the interest of infrastructure improvement, funds are included for the Magnetic Levitation Transportation Pilot program.

The proposed FY 1991 budget of $3.54 billion includes $3.33 billion in Federal funds and $207 million in non-Federal contributions. These non-Federal cash contributions are supplemented by the provision of lands, easements, rights-of-way and relocations for authorized projects, which are estimated to cost $243 million.

The Federal budgeted amount includes $2.71 billion in General Treasury appropriations and $618 million from the Inland Waterways and Harbor Maintenance Trust funds ($133 million from Inland Waterways Trust Fund and $485 million from the Harbor Maintenance Trust Fund, which includes $192 million under existing legislation and $293 million under proposed legislation). Harbor maintenance user fees would be increased to a level that would be sufficient to cover all commercial harbor maintenance costs.

The General Treasury appropriations will be offset by some $33 million in receipts from currently authorized recreation use fees, payments for lease of Federal lands, and tolls collected by the St. Lawrence Seaway Corporation. Under proposed legislation, the General Treasury amount would be further offset by $20 million for special recreation use fees. By administrative action, some $17 million in governmental fees will be collected for processing permit applications and other requests under the Regulatory program.

Table A, which is attached, summarizes the FY 1991 budget by appropriation account.

The FY 1991 Civil Works budget is reflective, to a considerable extent, upon directions established, and challenges confronted, in prior years. Accordingly, it is appropriate to mention a number of items of special interest in FY 1989 and FY 1990 Civil Works programs before presenting specifics of the FY 1991 Civil Works budget.

ITEMS OF SPECIAL INTEREST, FY 1989 AND FY 1990

New Starts and Other New Work

Mr. Chairman, the large number of projects and studies funded for initiation in FY 1990 present a challenging new starts and new work program. It is a program that places substantial demands on FY 1991 resources. The total Federal commitment reflected in the work added to the FY 1990 program exceeds $1 billion. In addition to funding 10 new construction projects requested in the President's budget, final action on FY 1990 appropriations provided for the initiation of construction on more than 20 other projects, as well as for a substantial level of other new work, such as the reconstruction of the Sacramento River levees in California. Appropriations for FY 1990 also funded the initiation of 63 new reconnaissance studies, twice the number requested, and 41 preconstruction engineering and design (PED) projects, 9 more than requested.

Controlling Costs and Maintaining Schedules

The cost estimates and schedules presented in the FY 1991 budget justifications have been adjusted since presentation of the FY 1990 budget. This includes adjustments to authorized project costs enacted by Congress in the 1990 Energy and Water Development Appropriations Act and in the Dire Emergency Supplemental Appropriations Act of 1989. Approximately half of the projects budgeted for construction last year and funded under the new cost sharing rules now have cost estimates higher than a year ago and a comparable number of schedules for these projects also have slipped.

The Chief of Engineers, the Director of Civil Works, and I are not satisfied with this performance and are resolved to improve it. Significant changes in management procedures have been put in place to foster our commitment to the construction of sound projects on time and within budget. Project managers have been assigned to all major Civil Works projects. These managers are responsible for maintaining costs and schedules from the study phase through construction, and serve as the primary point of contact for the cost sharing partner. In addition, monthly meetings of top management are held at the districts, divisions, and Washington Headquarters to identify issues and get them resolved quickly.

We also are eliminating time consuming, sequential reviews wherever possible, so that the project manager can proceed, knowing that the district, division, Headquarters, and the Office of the Assistant Secretary share a common perspective. We have put emphasis on measuring and controlling overhead and on the importance of a thorough cost estimate early in the planning process, so that the estimates we present more accurately reflect the complete cost of the project. Finally, project managers will have sufficient authority to justify their accountability for results.

Local Cooperation Agreements

We are pleased with the progress made in FY 1989 in executing Local Cooperation Agreements (LCAs) for construction new starts. Since cost sharing reforms went into effect in November 1986, LCAs have been signed with sponsors of 94 specifically authorized projects, including 32 separable elements. Of these LCAs, 20 were executed during FY 1989 and 6 have been executed already this year. The total investment represented by these 94 LCAs is $4.3 billion, of which more than 35 percent is to be provided by non-Federal sponsors. Additional LCAs are scheduled to be signed during FY 1990 with sponsors of 24 major projects and 6 project separable elements.

Continuing Drought Efforts

Drought conditions continue to affect Corps projects in some areas of the Nation. Projects are plagued by low reservoir storage volumes and low river levels which, in turn, cause negative impacts on all the purposes for which the projects were authorized. A short assessment of the most significantly affected areas follows. Responding to these events will require careful management of financial and personnel resources.

Missouri River Basin - After 3 successive drought years, the six main stem Missouri River reservoirs, which comprise the Corps largest single water storage system, are at their lowest volume since the system was first filled in 1967. Diminished project releases have affected hydropower generation, navigation depths, water supplies for municipalities and power plants, and river-based recreation, and lower lake levels have affected lake-based recreation and some municipal and agricultural water supplies. Although the current volume of stored water should be sufficient to meet project purposes generally even if the drought were to continue for several more years, it still would take 6 successive years of normal runoff to refill the reservoirs to their normal operating levels.

Middle Mississippi River - Below-normal runoff from the Upper Mississippi River and the Missouri River basins caused the flow rates and stages of the Mississippi River between St. Louis, Missouri, and Cairo, Illinois, to be well below normal throughout 1989 and into 1990. At times, these conditions required reduction in the size and draft of the commercial barge tows navigating this reach of the Mississippi River and, during the ice-impacted period last December, caused the closure of navigation for several days. Improvement in this situation is dependent upon the future occurrence of snowmelt and rainfall runoff.

California's Central Valley - The third successive year of drought in central California caused low storage levels to be reached at Corps reservoirs in the southern portions of the central valley during 1989. Storage volumes now are as low as 15 percent of historical average amounts at some projects. This shortage of storage principally affects the irrigation districts that bought the storage capacity and own the rights to the water therein. Similar situations are encountered at other Federal and State reservoirs in the region.

Central and Southern Florida - Lake Okeechobee, the principal source of water for the Central and Southern Florida region, dropped in volume for the second year in a row and is now more than 2 feet below normal. Also, the water conservation areas are at their lowest levels ever. Water deliveries from the Corps Central and Southern Florida project through shark slough to the Everglades National Park have been stopped, and only minimum deliveries are being made to the park through Taylor Slough. Water restrictions have been imposed on residential and commercial users within the South Florida Water Management District, the local sponsor for this project.

Water Management During Drought Study - We appreciate this Subcommittee's support for initiation in FY 1990 of a wide-reaching study of water management during drought. The FY 1991 budget includes $2.5 Million to continue this important effort. We recognize that the value of project outputs change over time and that project operations should change with those values. It is our expectation that this study will increase the contribution which existing projects make to the Nation's economy by developing a consensus on this and other issues regarding the management of the Nation's waters during drought.

Corps Response to Disasters

The past year saw a series of events that challenged the Corps' ability to respond to multiple disasters, both natural and man-made. The Corps met these challenges admirably, and we are proud of all of the personnel involved.

We wish to personally express appreciation, on behalf of all Corps employees, for your laudatory comments, Mr. Chairman, which were printed in the Congressional Record for November 2, 1989. We would like to summarize for the record our involvement in those major disasters.

When the Exxon VALDEZ grounded on March 24, 1989, it created a crisis that the oil industry and the Nation were not prepared to handle. In support of the Department of Defense, the Corps provided two seagoing hopper dredges, the ESSAYONS and the YAQUINA, which were successful in skimming 6,900 barrels of oil out of a total of 51,000 barrels recovered.

This spill response demonstrated the capabilities of Corps hopper dredges and potentially those of industry to respond to such events. In addition, scientific teams from two Corps R&D laboratories provided on-site technical support to the Alaska oil spill cleanup effort.

To improve its ability to respond to oil spills in the future, the Corps has initiated several actions. These actions included an engineering study to identify retrofits and modifications that can be made to Corps hopper dredges to enhance oil recovery operations in a safe manner; a survey of industry-owned hopper dredges and industry's capability to respond; use of latest techniques in remote sensing to locate and track oil; coordination with other agencies relative to shore cleanup; and management strategies to ensure a timely, efficient and cost effective response on the part of the Corps.

Hurricane Hugo struck in mid-September. Before Hugo made landfall, the Corps dispatched personnel to potential target areas, such as the Virgin Islands, Puerto Rico and the South Atlantic Coast of the mainland. The Corps worked with local and State authorities in reviewing an evacuation plan that enabled 130,000 people to safely leave the Charleston area. After Hugo struck on September 18, the Corps initiated immediate response activities. In the Carolinas, the Corps provided survey boats and standby equipment to ensure safe passage of vessels in Charleston Harbor. In the Virgin Islands, the Corps provided generators for hospitals and other life-support facilities, and Corps personnel assessed damage to the island's power system and harbor facilities at Fredericksted Pier. In Puerto Rico, the Corps provided tankers and potable water and removed sunken vessels endangering traffic in San Juan Harbor. There is a major ongoing effort in the Virgin Islands, particularly in St. Croix, where the Corps is managing the restoration of the island's infrastructure.

On October 15, a second hurricane, Hurricane Jerry, struck Galveston, Texas. As the storm approached, Corps personnel implemented preparedness and response plans, again working with local authorities on evacuation plans. Fortunately, damage from Hurricane Jerry was minimal, so no long-term recovery effort by the Corps was necessary.

On October 17, the fourth largest earthquake in California history struck. The Corps San Francisco District and South Pacific Division offices were rendered inoperable. In accordance with its emergency operations plan, the Sacramento District assumed control to provide an immediate response.

Other offices were reestablished the following day at Presidio Army Base. Late on Friday, October 22, the Federal Emergency Management Agency (FEMA) added a new, special mission and requested Corps personnel to support its individual assistance programs. By Monday, more than 300 volunteers from Corps offices throughout the country were in California, ready to provide the requested assistance. Under both its own and FEMA's authorities, the Corps is providing a variety of earthquake response and recovery assistance including: engineering; construction and contract management and oversight; preparing survey and damage reports; and nontraditional assignments from FEMA, such as conducting habitability inspections of individual residences.

In addition to supporting FEMA, the Corps has provided disaster recovery support to the General Services Administration, the Small Business Administration and the Department of Education. At times the Corps had over 1,200 personnel directly involved in disaster response and recovery operations from the events described above.

FY 1990 Gramm-Rudman-Hollings Sequester

FY 1990 appropriations were reduced by 1.4 percent by the President's final sequester order under the Gramm-Rudman-Hollings Act. The relatively small amount actually sequestered --$44 million--and the Corps' normal reprogramming authorities will allow the Corps to manage this sequester reduction so as to have the smallest possible impact on project and study schedules and on maintenance.

SPECIFICS OF THE FY 1991 CIVIL WORKS BUDGET

Construction Program

The proposed construction program for FY 1991 is $1.45 billion (including $226 million for the Mississippi River and Tributaries (MR&T)), 12.6 percent more than the FY 1990 program. This amount includes $238 million in Federal funds to continue work initiated in FY 1990 in both the Construction, General, and MR&T accounts. The focus of the proposed FY 1991 program is to follow through, with few exceptions, on planning and construction projects for which initial appropriations were made in prior years and to support the environmental initiatives of the President.

The Corps of Engineers has made a commitment to the Administration, Congress, and project cost sharing sponsors to deliver sound projects on time and within budget. Follow-on requirements of new starts and other new work funded for initiation in FY 1990 carry the potential to strain available funding levels over the next few years. Consequently, we made the difficult decision to defer proposing, for 1 year only, additional major construction new starts and to severely constrain new planning efforts. Although no major construction new starts are proposed, the FY 1991 budget would fund limited other new work, such as separable elements and small project new starts in the Continuing Authorities program.

More than 100 studies and PED projects, in addition to the new starts and other new work, were initiated in FY 1990. The funding and personnel resource requirements to continue these efforts also dictate that additional new planning activities be initiated in FY 1991 only on an exception basis. Therefore, we are not proposing any new reconnaissance studies in FY 1991, and have limited the PED new start request to 2 projects that would mitigate adverse fish and wildlife impacts of constructed or ongoing projects and 1 project related to Indian Fishing Treaty rights.

Operation and Maintenance Program

The FY 1991 budget of just under $1.4 billion for the Operation and Maintenance, General, account is 2.3 percent greater than the post-sequester funding level for FY 1990. Although a backlog of deferred maintenance remains, the funding level which is proposed is adequate to perform current levels of operation and maintenance requirements at Civil Works projects. Most navigation harbors and channels will be dredged as the need arises--there is $372 million provided in the budget for dredging, including $55 million for maintenance dredging of small boat harbors. Funding in the amount of $158 million is provided for the continued operation and maintenance of the Corps' approximately 2,500 currently open recreation areas at Civil Works projects.

The FY 1991 budget also includes $121 million for maintenance in the MR&T program, essentially the same as in FY 1990.

As a percentage of the Corps total Civil Works program, the Corps budget for O&M has increased steadily over the years and in FY 1991 accounts for 45 percent of the total Corps Civil Works program. As the events of a year ago have made clear, a single budget cycle does not allow sufficient time to address and resolve the many important issues that surround the O&M program of the Corps. A comprehensive review of the O&M program is urgently needed to assure that Federal expenditures for O&M are justified and are made in the most cost-effective manner. Consequently, we are initiating in FY 1990, with $300,000 of available funds, a major review of policy and procedure options for project O&M. The FY 1991 O&M budget includes $1.0 million to continue this effort, which would be completed during FY 1992. Full use of other management studies underway will be made in this review of O&M.

Another area of concern is the increasing pressure to transport dredged material greater distances for disposal. Such proposals require careful study and raise the risk of escalating costs, without commensurate benefits. We are looking to the sponsors of Corps projects to help resolve conflicts regarding placement of dredged material and expect them to be active partners in studies concerning these issues.

Regulatory Program

The budget request for the Regulatory Program is $75 million. Under this program, the Department of the Army is expanding its emphasis on wetlands protection in support of the President's goal of no overall net loss of wetlands. Wetlands efforts were expanded in late FY 1989 with a supplemental appropriations transfer of $2 million for enforcement and wetlands training. For FY 1990, these expanded efforts are proposed to be continued with the reprogramming of $4 million in funds initially allocated for the Bridge Administration program. Transfer of the Bridge Administration program from the Coast Guard to the Army was proposed for FY 1990, but authorizing legislation has not yet been enacted.

The FY 1991 budget of $75 million would enable us to continue our wetlands protection efforts, while improving timeliness of permit processing. Legislation will again be proposed by the Administration to transfer the Bridge Administration program to the Army. If it is enacted, supplemental appropriations will be requested to carry out the program in FY 1991.

The Department of the Army concluded some important agreements last year which will aid in strengthening its wetlands protection efforts. The Corps of Engineers, the Environmental Protection Agency (EPA), the Fish and Wildlife Service, and the Soil Conservation Service completed a new, unified Federal manual for identifying and delineating wetlands. The Army and EPA have signed a jurisdiction agreement for the Section 404 Permit program and an agreement to strengthen the Section 404 Enforcement program by defining enforcement responsibility between the two agencies. In addition to increasing wetlands protection, these agreements have improved program management and enhanced the working relationship between EPA and the Corps.

Changing Priorities for the Civil Works Program

The FY 1991 budget proposes to place new emphasis on two areas in the Civil Works program: the maintenance and restoration of the environment and improvement of American infrastructure. Table B, which is attached, summarizes the initiatives which are included in the budget.

Maintaining and Restoring the Environment - The FY 1991 budget proposes funding to initiate several important new activities to maintain and restore the environment, as well as continuing several environmental activities previously initiated by Congress.

The budget proposes funding to continue construction of juvenile fish mitigation facilities at four Corps dams in the Columbia and Snake River basins. In addition, the budget proposes initiation of a detailed analysis of the overall extent of justified fish mitigation for the main stem Lower Columbia and Snake River dams. This analysis would be closely coordinated with the Bonneville Power Administration and non-Federal regional interests.

We propose initiation of PED for Columbia River Treaty fishing access sites in Oregon and Washington, as well as initiation of mitigation PED for the Richard B. Russell project in Georgia and South Carolina and for completed portions of the Yazoo Backwater project in Mississippi. In addition, a proposed FY 1990 reprogramming would allow the Corps to take advantage of an opportunity to acquire 9,000 acres of undeveloped land in Mississippi, which would become part of the mitigation plan for completed portions of the Yazoo Backwater project.

We are particularly pleased that the proposed budget includes $20 million to initiate land acquisition for mitigation of adverse environmental effects of the Tennessee-Tombigbee Waterway project in Alabama and Mississippi. The budget also includes follow-on funding for Missouri River navigation project mitigation PED, which will be initiated in FY 1990 due to the foresight of Congress.

We also propose to initiate construction on the Davis Pond Freshwater Diversion structure in Louisiana and Mississippi, part of the Mississippi River Delta Region project.

The budget includes $5 million to carry out project modifications for the restoration of the environment under authority of Section 1135 of the 1986 Water Resources Development Act, and we intend to submit a legislative proposal to extend the authority of this Section for 5 more years, until 1996. Until now, the only project funded under this authority has been a restoration demonstration project on the Kissimmee River in Florida, which Congress added to the FY 1990 program.

A reformulation study is underway and will be continued in FY 1991 for unconstructed portions of the Yazoo Basin project in Mississippi. The objective is to provide greater levels of urban flood protection with lesser adverse environmental impacts.

We propose two new R&D activities: a 3-year wetlands R&D program would be initiated with $3 million of funds available in FY 1991 to the O&M program, where most of the benefits would be realized. Also, $500,000 would be allocated within the General Investigations R&D budget to respond to the President's initiative on global warming expressed through the Intergovernmental Panel on Climate Change and the Coordinating Council for Science, Engineering and Technology.

We also want to mention two interagency coordination efforts proposed for initial funding in FY 1991: cooperation with EPA on its National Estuary program and participation in the Fish and Wildlife Service's North American Waterfowl Management program.

Improving American Infrastructure - The FY 1991 budget proposes three major activities related to improving the infrastructure of this country.

The FY 1991 budget includes $5 million to continue the Construction Productivity Advancement Research (CPAR) program. This pioneering effort in cost sharing partnership with the U.S. Construction industry is off to a highly successful start. Industry response far exceeded our expectations, and it continues at a high level. This forward-looking Subcommittee, Mr. Chairman, was instrumental in the initial success of the program.

In response to the Corps 1989 invitation, 145 proposals were submitted. Of the proposals received, 56 were selected as deserving support, although the Corps was able to participate in only 17 within available funding. Our industry partners on the 17 joint ventures include construction firms, architect-engineers, materials and equipment suppliers, academic institutions, non-profit organizations, and State agencies--32 partners in all. The Corps share of the cost of these projects was $2.7 million, while the industry partners will contribute more than $7 million. The technologies to be developed will benefit industry productivity and competitiveness and will lower program costs in the Corps and Government in generally. Examples of funded projects include a robotic device to place masonry sections; a method of destroying waste contaminating asbestos at building sites; improved cement for concrete; lower-cost base materials for road construction; and a simplified method for contractors to comply with Occupational Safety and Health Administration hazardous materials notification standards.

Proposals have been requested for FY 1990, and we fully expect the same high level of interest that we experienced last year. The FY 1991 program will begin to seek out some longer range, higher risk projects to further stimulate the construction industry to once again make R&D part of its mainstream activities.

The magnetically levitated (MAGLEV) transportation system offers a new concept in transportation which, creatively developed, may provide the U.S. one of its best opportunities for economic expansion in the 21st century. MAGLEV could serve as a powerful new mode of U.S. transportation and as a globally marketable industry with technological spin-offs to other U.S. industries. The Administration supports this technology, and has included funds in the FY 1991 budget, for a pilot program for the development of an operational U.S. MAGLEV system.

Pending specific MAGLEV authorization, which we are proposing, FY 1990 activities will be limited to planning and coordination. Following authorization, we will prepare an implementation plan, develop system parameters, establish a Federal Interagency MAGLEV Committee, expand our dialogue with industry, and initiate a study of magnetic field effects. We are working closely with the Federal Railroad Administration and the Department of Transportation on these efforts.

The FY 1991 budget includes $3.5 million for MAGLEV to enter into cost shared efforts with private sector partners to develop design concepts and continue technical and health and safety assessments.

A 3-year effort is proposed to develop a Federal strategy for addressing America's infrastructure problems. Currently, there is no integrated Federal focus on infrastructure issues and no means to evaluate and implement recommendations such as those in the 1988 "Fragile Foundations" report of the National Council on Public Works Improvement. The FY 1991 budget includes $350,000 to establish a Federal Infrastructure Advisory Board and lay out a specific course of action to develop a Federal infrastructure strategy. During the following 2 years, recommendations would be developed to address issues such as these: modifying Federal programs to improve infrastructure development and management; public and private roles in infrastructure; the benefits associated with infrastructure and the evaluation and prioritization of public and private investment; and institutional changes needed to adequately address the Nation's infrastructure problems.

The improved technology which resulted from the recently completed Repair Evaluation Maintenance Rehabilitation (REMR) research program is expected to account for an estimated $200 million in O&M cost savings over the next five years, with the added benefit of improved safety and reliability and reduced personnel requirements. Based on the success of this effort, we propose to initiate a follow-on program, REMR II, in FY 1991 to achieve further savings in other O&M areas. The proposed 7-year program will address, among other things, concrete and steel structures, geotechnical applications, hydraulics, coastal improvements, and electrical and mechanical equipment. The FY 1991 budget request includes $4 million for REMR II, with an estimated total program cost of $35 million.

Extensions of the Beneficiary Pay Principle

Several user fee changes are proposed in the FY 1991 budget, some of which require authorization. User fee changes that would require authorization are an increase in harbor maintenance user fees; expansion of recreation user fees; and phased-in user fees in the Flood Plain Management Services and Planning Assistance to States programs. Legislation to implement these proposals is undergoing final Administration review and will be submitted shortly.

Harbor Maintenance User Fees - Legislation is being proposed that would increase the ad valorem user fee on commercial cargo loaded and unloaded at U.S. ports from the current level of 0.04 percent to 0.125 percent. The proposed legislation would change the maximum charge to the Harbor Maintenance Trust Fund from 40 percent of costs to 100 percent of costs, and would authorize the recovery up to a total of $5 million of administrative costs incurred by the Corps, the Coast Guard and the Census Bureau in administering harbor maintenance user fees. Based on current and projected traffic, cargo value, and maintenance costs, 0.115 percent is estimated to be the fee level necessary to recover 100 percent of the costs of maintaining commercial ports and harbors. The National Oceanic and Atmospheric Administration will be proposing separate legislation to authorize recovery of its costs associated with maintaining harbors and channels. This change would increase the ad valorem rate from the above 0.115 percent to 0.125 percent.

Recreation User Fees - We are again proposing legislation to remove several restrictions on the our ability to collect recreation user fees at project areas operated and maintained by the Corps. Charging user fees such as those we propose is normal practice at State, local, and private recreation areas providing comparable services. Increased receipts resulting from enactment of this proposal would be requested in future years to supplement appropriations from general revenues in the same way that existing special recreation user fees are currently handled.

Flood Plain Management Services and Planning Assistance to States - Legislation will also be proposed to extend the beneficiary pay principle to the Flood Plain Management Services program and to the Section 22 program for Planning Assistance to States. Unlike the legislation proposed last year by the Administration, this proposal recognizes the importance of giving non-Federal public and private users of these programs substantial notice of user fee requirements. Consequently, fees would be phased in over a 3-year period, gradually increasing the non-Federal share, from 10 percent to 30 percent to 50 percent.

User fee increases that are proposed to be implemented administratively are regulatory program permits, cottage site leases and shoreline management fees.

Regulatory Program Permits - Fees for Section 10 and Section 404 permits have received a great deal of attention in recent years. The Conference Report accompanying the FY 1989 Appropriations Act asked us to provide a full cost recovery plan for the regulatory program. We concur in the assessment that fees for processing permits have been unrealistically low, but we recommended a partial cost recovery plan. This plan still involves a substantial increase in permit fees. Regulations are being drafted that would increase fees from the current level of $10 for private projects and $100 for commercial projects to a range of fees from $100 to $500 for private projects and $100 to $2,000 for commercial and revenue producing projects. The draft regulations would impose processing fees at the time of application, rather than at the time of permit issuance as in the current fee system. We also are proposing to collect fees for processing jurisdictional determinations, environmental impact statements, and public hearings. We estimate that this regulatory change will increase treasury revenues by $17 million in FY 1991.

Cottage Site Leases - We have begun implementation of Section 1134 of the Water Resources Development Act of 1986, which provided that cottage site leases be continued beyond December 31, 1989, but required lease renewal to be a fair market rental. In those instances where there will be major increases in rental, such as the cottages along the Upper Mississippi and Illinois rivers, a flexible method of rental collection will be offered to allow for lower initial-year payments if the lessee desires.

Shoreline Management Fees - At 100 reservoir projects around the Nation, the Corps permits the development of private docks and other private facilities. These permits provide a significant benefit to permittees that is not available to the general public. It is our policy to recover from the direct beneficiaries the cost of administering the program. The current charge is $30 for a 5-year permit. This charge was established in 1974 and has not been increased since that time. Studies by the Corps indicate that the current charge falls far short of recovering program costs. We are reviewing available options for recovering our costs. Prior to implementing any increases, a formal rulemaking process will be used that provides ample opportunity for the expression and consideration of public views.

Support for Others

Because of its technical expertise and organizational infrastructure, the Corps often is called upon to provide engineering and construction management services to other agencies. During FY 1989, the Corps provided support to 26 Federal agencies. Some support also was provided to State and local Governments in cases where the Corps has a capability not readily available in the private sector.

The largest work for others activity continues to be support for EPA's Superfund and Wastewater Treatment Construction Grants programs.

We continue to solidify the partnership between the Corps and EPA and are discussing with them additional ways the Corps' expertise may be called upon to support the Superfund program. We especially are proud of the Corps performance in assisting EPA to satisfy its congressional mandate to have 175 projects under construction by October 16, 1989. As EPA has reported to Congress, construction contracts were awarded by the October deadline on more than 175 projects. Of these, the Corps was responsible for delivering 29, about 1/3 of the Federal-lead projects on the list.

New work undertaken by the Corps in FY 1989 includes: construction supervision support to the National Aeronautics and Space Administration for its $650 million advanced solid rocket motor project at Yellow Creek, Mississippi; and assistance to EPA's Great Lakes National Program Office in a study and demonstration program relating to the control and removal of toxic pollutants in the Great Lakes.

We are interested in providing support to the Department of Energy (DOE) on its Supercollider, New Production Reactors, and radioactive waste cleanup programs, and we have had some preliminary communications with Admiral Watkins and other DOE officials on these subjects. On Supercollider, we helped DOE develop a management plan, and we are currently providing certain real estate services for the project.

As part of the Nation's war on drugs, we have offered the Corps' engineering support to the Federal Bureau of Prisons as it increases prison capacity. This support would be provided in conjunction with the recently created Department of Defense Bureau of Prisons Assistance Council, which is responding to the Attorney General's request for help in obtaining prison sites on military properties affected by the Base Closure and Realignment Act. Finally, we are continuing negotiations with the State Department concerning Corps support on its Embassy Construction program.

CONCLUSION

Mr. Chairman, we want to emphasize our support for the President's FY 1991 budget, which addresses changing priorities while facing squarely the severe constraints imposed by the Federal deficit. We are hopeful that the Subcommittee will be able to support this budget.

Mr. Chairman, this concludes my statement.

TABLE A
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
FISCAL YEAR 1991 BUDGETED PROGRAM
(Dollars in Thousands)

APPROPRIATION TITLE	FEDERAL FUNDS				NON-FEDERAL FUNDS			TOTAL PROGRAM FUNDING		
	TRUST FUNDS				RIVER & HARBOR CONTRIBUTED FUNDS					
	INLAND WATERWAYS	HARBOR MAINTENANCE	GENERAL FUNDS	TOTAL FEDERAL BUDGET REQUEST	REQUIRED	ANCILLARY	TOTAL	INITIAL	LATER LEG. b/	TOTAL
GENERAL INVESTIGATIONS	-	-	135,400	135,400	19,500 a/	1,500	21,000	156,400	-	156,400
CONSTRUCTION, GENERAL	132,800	-	1,093,200	1,226,000	145,500	30,400	175,900	1,401,900	2,000	1,403,900
OPERATION AND MAINTENANCE, GENERAL	-	485,500 c/	904,000 d/	1,389,500	4,000	3,000	7,000	1,396,500	-	1,396,500
REGULATORY PROGRAM	-	-	75,100	75,100	0	-	0	75,100	4,000	79,100
F.C., MISSISSIPPI RIVER & TRIB'S	-	-	334,500	334,500	3,000	100	3,100	337,600	-	337,600
GENERAL EXPENSES	-	-	136,100	136,100	0	-	0	136,100	-	136,100
FLOOD CONTROL & COASTAL EMERGENCIES	-	-	25,000	25,000	0	-	0	25,000	-	25,000
PERMANENT APPROPRIATIONS	-	-	12,000	12,000	0	-	0	12,000	-	12,000
TOTAL	132,800	485,500	2,715,300	3,333,600	172,000	35,000	207,000	3,540,600	6,000	3,546,600

a/ Includes $1.5 million under proposed legislation for phased-in cost sharing in the Flood Plain Management Services and Planning Assistance to States programs.

b/ Proposed for later transmittal pending enactment of authority to transfer the Bridge Alteration Program from the Coast Guard.

c/ Includes $192.5 million under existing legislation and $293 million in receipts which would result under proposed legislation to raise the ad valorem fee from 0.04 to 0.115 percent of cargo value.

d/ Includes $20.0 million to be derived from the Special Recreation Use Fee account.

TABLE B
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
FISCAL YEAR 1991 BUDGETED PROGRAM
(Dollars in Thousands)
FISCAL YEAR 1991 INITIATIVES (1)

APPROPRIATION TITLE/PROJECT NAME	BUDGET REQUEST
ENVIRONMENTAL MAINTENANCE AND RESTORATION:	
GENERAL INVESTIGATIONS	
Climate Change Research Program - Research & Development	$ 500
Columbia River Treaty Fishing Access Sites, OR and WA (PED)	450
Coordination With Other Agencies:	
National Estuary Program	200
North American Waterfowl Management Program	200
Missouri River Fish and Wildlife Mitigation, IA, NE, KS and MO (PED)	429
Richard B. Russell Dam and Lake, Wildlife Mitigation, GA and SC (PED)	300
CONSTRUCTION, GENERAL	
Columbia River Juvenile Fish Mitigation, WA, OR and ID	15,800
Project Modifications for Improvement of the Environment (Section 1135)	5,000
Tennessee-Tombigbee Waterway Wildlife Mitigation, AL and MS	20,000
OPERATION AND MAINTENANCE, GENERAL	
Wetlands Research Program	3,000
FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES	
Davis Pond Freshwater Diversion Structure-MS River Delta Region, LA & MS (Constr)	945
Yazoo Basin Backwater Project Mitigation, MS (Constr)	250
Yazoo Basin, MS - Reformulation Study	5,900
TOTAL - ENVIRONMENTAL MAINTENANCE AND RESTORATION INITIATIVES	52,974
INFRASTRUCTURE IMPROVEMENT:	
GENERAL INVESTIGATIONS	
Federal Strategy for America's Infrastructure	350
Magnetic Levitation Transportation Pilot Program	3,500
OPERATION AND MAINTENANCE, GENERAL	
Repair Evaluation Maintenance and Rehabilitation Research (REMR II)	4,000
TOTAL - INFRASTRUCTURE IMPROVEMENT INITIATIVES	7,850
TOTAL - FISCAL YEAR 1991 INITIATIVES	$ 60,824

(1) Includes Administration initiatives as well as Administration support for initiatives begun by Congress in prior years.

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF ENGINEERS

COMPLETE STATEMENT

OF

LT. GENERAL H. J. HATCH
CHIEF OF ENGINEERS
U. S. ARMY CORPS OF ENGINEERS

BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE FISCAL YEAR 1991 CIVIL WORKS BUDGET

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THE FISCAL YEAR 1991 CIVIL WORKS BUDGET

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

INTRODUCTION

I am honored to be testifying to you today, along with the Assistant Secretary of the Army for Civil Works, Mr. Robert W. Page, on the President's FY 1991 Budget for the Army Corps of Engineers' Civil Works Program.

Thanks to your support, the Civil Works Program is vigorous, and I look forward to your continued support for this very important program, so beneficial to our Nation.

My statement addresses these four topics:

- Fiscal Year (FY) 1990 Program,
- FY 1991 President's Budget
- Improved Business Management
- Legislative Program

FY 1990 PROGRAM

Execution

The execution of the FY 1990 Program will be particularly challenging because of the number of the new starts and the other new work funded in the General Investigations and the Construction, General, programs.

In order to accommodate the increases to the General Investigations Program, some 25 of the new reconnaissance studies were funded at levels less than the required amounts. This will necessitate additional appropriations in FY 1991, or later, to complete these reconnaissance studies, and delay start of the follow-on feasibility studies until late FY 1991 or early FY 1992. To minimize this impact, we intend to reprogram available funds, to the fullest extent practicable, to provide the full FY 1990 requirements for these studies.

The FY 1990 appropriations also provided reduced funding for the 23 new preconstruction engineering and design studies. This will delay the studies somewhat, prolonging the completion.

In the Construction, General, Program, the added new starts and the other new work have contributed to a program with a funding level nearly 13 percent larger than that for the program in FY 1989. We will have to work closely with the sponsors to obtain the Local Cooperation Agreements required for the 23 added new starts in order to execute the funded program successfully.

Impacts of Sequestration and FY 1990 Pay Raise Absorption

In accordance with the Gramm-Rudman-Hollings (GRH) law, 1.4 percent of the amounts appropriated for our programs, projects, and activities was sequestered. The total sequestration for the Corps' civil program was $44 million, leaving $3.12 billion available. Given our reprogramming authority, we expect the resultant impact from the slippage in the execution of the funded activities and projects to be minor.

The 1990 pay raise of 3.6 percent for the civil program workers totals $37 million of which some $28 million will have to be absorbed within the FY 1990 appropriations. This may make it somewhat more difficult to maintain our work force at the authorized full strength, and may result in hiring delays, but the impact is certainly manageable.

FY 1991 PRESIDENT'S BUDGET

Overview

As the Assistant Secretary has said, the FY 1991 Program is a good one. For the first time, the Corps is submitting a budget which addresses not only the developmental needs of the Nation, but also the priority concern for preserving the environment from which we extract our sustenance and progress. The

13 environmental initiatives run the gamut from the new research and development efforts designed to find the methods and the techniques for planning projects which are not environmentally threatening, to the mitigation of the adverse impacts of the past actions. Together, they clearly represent a comprehensive approach.

We truly believe that, in order to protect our agricultural, industrial, and technological economies, we must find environmentally sustainable ways to proceed. Ours is not an anti-development posture; it is a rational, sensitive, water resources development posture that looks to the future as well as the present.

Summary

As shown in Table A, funding of the FY 1991 Program totals $3.54 billion, including Federal appropriations of $3.33 billion and anticipated non-Federal contributions of $207 million. It includes $3.48 billion for continuing work and $61 million for the recommended initiatives.

The FY 1991 request for the Federal funding exceeds the FY 1990 post-sequestration appropriation by almost $215 million, with a corresponding increase of $47 million in contributions. Most of this $262 million total is attributable to the follow-on funding for the FY 1990 new starts. Also included is an allowance of some $51 million to cover the costs for the 3.6 percent pay raise approved for FY 1990 and 50 percent of the proposed pay raise of 3.5 percent for FY 1991.

Extension of the Beneficiary-pay Principle

Consistent with the President's commitment to the user fees and the other beneficiary contribution authorities, this budget is based on several legislative and administrative changes to better finance the program. A breakdown of the planned increases in the non-Federal share, amounting to $331 million, is shown in Table B.

For the past two fiscal years, the non-Federal share has amounted to about 11 percent of the total funds appropriated for Federal expenditure. The proposed changes in cost sharing and user fees will raise the overall level of non-Federal contributions to about the 25 percent level of Federal funding. Most of the $331 million in new receipts would be available for appropriation to fund the Corps program and further reduce the amount of general funds required from the Treasury to pay for the Corps program. Given the growth in program funding since FY 1986, such an increase is needed if work currently planned is to be funded at an optimum level and the budget deficit targets are to be met.

The increase in the ad valorem fee, which generates receipts for the Harbor Maintenance Trust Fund, is intended to put the financing of commercial navigation maintenance on a basis similar to that required by the Water Resources Development Act of 1986 for other purposes - with the beneficiaries, in lieu of a designated project sponsor, paying 100 percent of the allocated costs for such work. It is considered unlikely that the proposed increase will cause any discernable diversion of U. S. cargo since both imports and exports are subject to the fee. Additionally, authority is being sought to collect camping fees and fees for day use facilities, similar to the authority already given the U. S. Park Service. Together, the existing and proposed recreation fees would generate some $40 million in funds which is about 25 percent of the amount being requested for the operation and maintenance of Corps recreational facilities.

Cost sharing changes also are being proposed to assure that the non-Federal share will be the same for all beneficiaries of comparable services. We propose to cost share the technical services of planning and engineering currently being provided under the Corps' Planning Assistance to States Program, with the recipients paying up to 50 percent of the cost of such services. Similarly, certain services provided under the Flood Plain Management Program, e. g., the delineation of a floodway or the conduct of a hurricane evacuation study, which require the acquisition of new data or the undertaking of extensive technical analyses, also will be cost shared. Ultimately, the cost sharing will be the same (50 percent) as that required for feasibility studies. To ease the financial impacts on local sponsors, we propose to phase in the level of the cost sharing over a three year period, so that 10 percent would be required in FY 1991, 30 percent in FY 1992, and 50 percent thereafter.

Administratively, additional user fees will be levied for some of the technical services currently being provided specific beneficiaries, generally at Federal cost. Regulations are being drafted that will permit the collection of fees for providing technical data readily extractable from the available Flood Plain database and for processing permit applications and other requests under our Regulatory Program. In these cases, a variable fee schedule will be applied, reflective of the effort required for response to the individual requests.

Other Program Initiatives

We are quite proud of the engineering and construction support we provide to other Federal agencies on a reimbursable basis. Not only do the other agencies and taxpayers benefit from this support, but so do we in that our staff gains valuable experience for use in our traditional programs. Our diverse experience in civil, military, and other agency programs enables us to respond to whatever national problem we may be called upon to solve.

As the Assistant Secretary indicated, our biggest customer is the Environmental Protection Agency, which accounts for 77 percent of this work. The Federal Emergency Management Agency, Department of Energy, Department of Interior, and National Aeronautic and Space Administration account for most of the work for the remaining 26 Federal agencies we support. We stand ready to be of assistance to other Federal agencies as they address the Nation's problems.

One important initiative being funded focuses on the development of a Federal strategy to address this Nation's many infrastructure problems, including those involving water resources, water supply, transportation, water quality, energy, and solid and hazardous wastes. Presently, there is neither an integrated Federal infrastructure policy nor an organization to coordinate development of that policy. With the Administration's approval, we are initiating a 3-year effort that should lead to a set of recommended actions, including legislative proposals, as needed. A Federal advisory board made up of those Federal agencies with responsibilities in infrastructure-related matters would be established to oversee development of the strategy. Development of the strategy would be based on the assumption that the Nation's infrastructure needs have already been adequately defined and entail examining selected strategies, including those of the National Council on Public Works Improvement, to determine what is needed to move to an implementation phase.

One of this Nation's critical and growing problems is its overburdened and deteriorating infrastructure. Little thought was given to the long term operation, maintenance, and rehabilitation costs that our infrastructure system would eventually place on the shoulders of future generations. It is clear that we need to develop solutions today so that we can rebuild our infrastructure with systems which promise reduced financial burdens for tomorrow. MAGLEV, the magnetically levitated high speed vehicle system, presently being investigated by the Corps, shows the promise of being a system that could be responsive to one of our needs. The MAGLEV Pilot Program now being planned would combine Government and U. S. private sector talents and assets to develop an advanced transportation system for deployment during the next century. This system has the promise of low operating and maintenance costs, minimum impact on the environment, and high transport productivity. We think there could be no more valuable public investment in our future than to proceed with the MAGLEV development program as rapidly as possible.

IMPROVED BUSINESS MANAGEMENT

The Corps strives to improve both its effectiveness and its efficiency in order to reduce the cost of its business operations. To this end, we have placed renewed emphasis on the performance measures; initiated several organizational studies; focused the time and the energy on the development of the new leaders for the 21st Century; and increased the share of our research and development program dedicated to the product and the process improvements.

Effective Organization

We have begun several efforts to evaluate our organization in order to improve its effectiveness.

In keeping with the spirit of the FY 1990 Conference report, we will conduct a broad-based conceptual study of alternative organizational structures for our field operating agencies, with a view to:

- reducing program costs without adversely impacting quality of service;

- identifying factors and criteria for shaping most efficient organizational structures;

- identifying existing constraints against implementation of improved structures; and

- identifying factors, criteria, and constraints most relevant to organizational structures best for addressing the Nation's future engineering and environmental challenges.

Findings of this conceptual study will be considered, along with other pertinent information, by all interested parties, including Congress, in ultimately deciding whether to implement an alternative structure.

As mentioned by the Assistant Secretary, we propose a comprehensive review of management and resourcing policies and procedures for our Operation and Maintenance, General, and Flood Control, Mississippi River and Tributaries maintenance programs, with a view to providing continued or improved service under circumstances of deficit reduction and budget limitations. To this end, a plan of study has been prepared to guide a 1 1/2-year effort to address existing program productivity; intensive management; divestiture; modernization; and program development, execution, and monitoring procedures.

In late FY 1989, the Assistant Secretary challenged us to determine ways and means to maintain and enhance recreational opportunities, while reducing the Federal financial burden of operating and maintaining our recreation facilities. Accepting this challenge, we recently began such a study and established a task force to manage it. The task force includes a Policy Steering Committee chaired by the Deputy Chief of Engineers, General Kem, a Management Team to provide required recreation resource management expertise, and a study manager from our Institute for Water Resources. We have briefed staffs of involved Congressional authorization and appropriation committees and several interested regional groups on this study. Additionally, we have advised all State Governors of the study by letter, and asked for any comments. A few have responded, all with offers to assist.

And, finally, in coordination with OMB, the Corps will undertake a workforce management analysis to examine how manpower and funding are related in order to better predict manpower needs.

Project Management

The Corps is continuing its effort to improve work management. In fact, I recently reorganized headquarters for this very purpose.

Project management is afforded by the Life Cycle Project Management System, implemented in FY 1988 for the Corps' civil program, and through the recent reorganization, for its military program.

The guiding principle founding this system is that we work closely with customers to ensure they get sound, mutually agreed upon products in a timely, cost-effective manner. To this end, we have established the civilian position of Deputy District Engineer for Project Management in each of our 36 districts. Deputies in these positions provide leadership to individual project managers and project management teams who, in turn, provide leadership to project participants, including local sponsors.

In continual consultation with local sponsors, and in consonance with their views, to the fullest extent practicable, project managers and management teams develop, justify, and execute projects through construction. To this end, they develop project management plans, reflecting optimum costs and performance schedules. They continually assess progress against these schedules and, based on findings, take action to comply with or modify management plans, in order to complete projects in the most satisfactory ways possible.

We must and will meet our commitments to you and our partners.

Program Management

Program management has been accomplished, to a large degree, by our long-standing programming organization. Under our recent reorganization, the role of this organization was strengthened in that all facets of the civil program were incorporated into the Civil Works Directorate, under the leadership of General Kelly, who assigned program management overview to Programs Division. In its new role, this division will, in addition to its traditional role of developing and defending the civil program, develop a strong analytic capability to assist the Director in answering some of the more difficult questions he will face in dealing with a stable program and declining resources.

Human Resource Management

Creating the individual and organizational competence to meet the challenge of the future is foremost in my mind. We have started a major program to shift our management team's focus toward human resource management, as distinguished from the more paper focused activities of personnel administration. As we become more adept at identifying, understanding, developing, and positioning talent in an environment that is challenging and supportive, we approach our human resources management goal of becoming the employer of choice. With what we know regarding the workforce of the future and the diminishing resources of today, we can't afford to do any less. At the cornerstone of our program is:

- aligning people and our systems for leading, managing and developing people with our vision, mission and challenges.

- understanding people and translating that understanding into the best fit between the person and the job (getting the right people in the right job doing the right things in the right environment).

Leadership Enhancement and Development

The development and enhancement of leadership are key to the success of much of what I've talked about here today. I am continuing and increasing the emphasis on leadership initiated by General Heiberg. We have several initiatives ongoing in this area. Perhaps the most significant one is the consideration of leadership as part of the selection process. I have advised all selecting officials that they must weigh leadership abilities when making selections. For executive positions, we've developed a method that adds a measure of leadership competence to the selection process.

We are also exploring ways, within the limited flexibility of the Federal classification system, to establish a program to encourage workers at the journeyman level to decide on a career path which is either primarily technical or primarily managerial, so that their training programs can be built around their career goals. Under this program, Corps managers will identify Corps workers with leadership potential, then target them for leadership grooming. Our goal is to develop leadership capabilities of the kind needed to lead the Corps into the 21st Century.

Research and Development

As part of our research and development to improve products and lessen their costs, we recently completed the Repair Evaluation, Maintenance, and Rehabilitation (REMR) I program. Savings from this program are expected to reach $200 million over the next five years. Our FY 1991 budget provides funding for an initiative, REMR II, and continuation of a range of ongoing work, including Construction Productivity Advancement Research and the Dredging Research program. REMR II and the Dredging Research programs are intended to yield improved procedures and technologies to reduce costs of project operation and maintenance, long-term. REMR II will address concrete and steel structures, and geotechnical, hydraulic, and coastal engineering problems, and is expected to result in savings comparable to those of its very successful precursor, REMR I.

We also propose initiating a 3-year, $22 million, Wetlands Research and Development Program to help the Nation's wetlands. This program is aimed at developing practical new and improved methods and techniques that can be applied in effectively managing, protecting, and restoring all established inland wetlands.

LEGISLATIVE PROGRAM

Overview

During their work to produce the landmark the Water Resources Development Act of 1986, following a 16 year hiatus in major authorization bills, the Administration and Congress worked together to reestablish a two-year cycle for such authorizations. This led to the Water Resources Development Act of 1988, furthering the important cost sharing reforms of the Water Resources Development Act of 1986, and adopting the idea of limited-size authorization bills compatible with realistic budget considerations.

Development Principles

We are completing development of proposed legislation for Congress for a Water Resources Development Act of 1990. This legislation is based on five principles which we believe are essential to passage of a Water Resources Development Act of 1990. They are:

- o maintain the reforms of the Water Resources Development Act of 1986 and the Water Resources Development Act of 1988, preserving cost sharing principles and policies;
- o limit the number and cost of authorizations, scoping legislation to be consistent with spending objectives, and including only economically justified and environmentally sound projects;

- exclude premature projects, including any not fully reviewed by the Executive Branch;

- advance the FY 1991 budget proposals for cost recovery in Army water resources projects; and

- promote use of the Corps' technical, scientific, and construction management expertise in partnership with the private sector to address infrastructure needs and to assist other governmental agencies.

We believe that adherence to these principles will lead to passage of a Water Resources Development Act of 1990. Biennial authorizations are important to the orderly, predictable execution of our civil works mission, and, in turn, strengthening of partnerships with non-Federal sponsors. These authorizations also promote optimal use of our technical, scientific, and management capabilities.

CONCLUSION

We want to find and implement new ways to better accommodate customers' needs and resources, that is, to provide them with the products they want within mutually agreed upon costs and schedules. To this end, we strive to improve effectiveness, efficiency, equitable cost sharing, and cost of our business operations.

We are trying to become more effective and efficient by better applying our human resources. This entails studying ways and means to improve operations through use of standards, reorganization, and leadership. Also, as discussed by the Assistant Secretary, we are exploring opportunities for partnering with private industry, whereby we engage contractors at project start in order to improve understanding and trust, and, ultimately, to expedite negotiations for work execution. We are tailoring our products to better serve our customers needs and resources, and are assuring delivery within costs and schedules through improved program and project management. This has brought into focus that project proponency is the role of local sponsors; not the Corps. Furthermore, it has enabled measuring and managing quality, cost, and time, accurately.

We are trying to distribute operation and maintenance costs more equitably by exploring opportunities to increase beneficiary cost sharing for harbor and recreation facilities and regulatory activities. And, finally, we continue to research and develop ways and means to improve products and reduce their costs.

In summary, we are committed to better serving our many customers and, through them, our great Nation, and are ever looking forward to working with you to this end.

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
SUMMARY OF PROGRAM AMOUNTS FOR FISCAL YEARS 1989, 1990, AND 1991
(Dollars in Thousands)

APPROPRIATION TITLE	FY 1989 (Approp.)	FY 1990 (Approp.) a/	FY 1991 Budget Request
GENERAL INVESTIGATIONS	142,405	129,251	135,400
CONSTRUCTION, GENERAL			
General Funds	1,110,266	966,477	1,093,200 b/
Inland Waterways Trust Funds	69,644	117,334	132,800
TOTAL APPROPRIATION	1,179,910	1,083,811	1,226,000
OPERATION AND MAINTENANCE, GENERAL			
General Funds	1,195,588	1,176,795	884,000
Special Recreation Use Fees	15,000	19,720	20,000
Harbor Maintenance Trust Funds	159,026	161,704	485,500 c/
TOTAL APPROPRIATION	1,369,614	1,358,219	1,389,500
REGULATORY PROGRAM	63,752	68,455	75,100 d/
F.C., MISSISSIPPI RIVER & TRIB'S	337,980	330,296	334,500
GENERAL EXPENSES	122,600	126,997	136,100
F.C. & COASTAL EMERGENCIES	20,000	0	25,000
REVOLVING FUND	0	9,860	0
PERMANENT APPROPRIATIONS	12,000	12,000	12,000
TOTAL, FEDERAL BUDGET AUTHORITY	3,248,261	3,118,889	3,333,600
RIVERS AND HARBORS CONTRIBUTED FUNDS	129,596	160,000	207,000
TOTAL PROGRAM	3,377,857	3,278,889	3,540,600

a/ Reflects G-R-H sequester of 1.4 percent.

b/ Excludes $2.0 million which is proposed for later transmittal pending enactment of authority to transfer the Bridge Alteration Program from the U.S. Coast Guard.

c/ Includes $293 million which is dependent upon enactment of proposed legislation.

d/ Excludes $4.0 million which is proposed for later transmittal pending enactment of authority to transfer the Bridge Alteration Program from the U.S. Coast Guard.

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TABLE 8
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
NON-FEDERAL SHARE OF FY 1991 PROGRAM
(Dollars in Thousands)

APPROPRIATION TITLE	CURRENT AUTHORITIES & REGULATIONS				PROPOSED AUTHORITIES & REGULATIONS				RESULTANT INCREASE			
	USER FEES		COST SHARED		USER FEES		COST SHARED		USER FEES		COST SHARED	
	TRUST FUNDS	OTHERS	a/ (RIV/HBR TR)	TOTAL	TRUST FUNDS	OTHERS	a/ (RIV/HBR TR)	TOTAL	TRUST FUNDS	OTHERS	a/ (RIV/HBR TR)	TOTAL
GENERAL INVESTIGATIONS	-		18,000	18,000	-	200 f/	19,300 j/	19,500	-	200	1,300	1,500
CONSTRUCTION, GENERAL	132,800 b/	-	145,500	278,300	132,800	-	145,500	278,300	-	-	-	0
OPERATION AND MAINTENANCE, GENERAL	192,500 c/	20,000 d/	4,000	216,500	485,500 g/	40,000 h/	4,000	529,500	293,000	20,000 h/	-	313,000
REGULATORY PROGRAM	-	500	-	500	-	17,000 i/	-	17,000	-	16,500	-	16,500
F.C., MISSISSIPPI RIVER & TRIB'S	-	-	3,000	3,000	-	-	3,000	3,000	-	-	-	0
GENERAL EXPENSES	-	-	-	0	-	-	-	0	-	-	-	0
FLOOD CONTROL & COASTAL EMERGENCIES	-	-	-	0	-	-	-	0	-	-	-	0
PERMANENT APPROPRIATIONS	-	12,000 e/	-	12,000	-	12,000	-	12,000	-	0	-	0
TOTAL	325,300	32,500	170,500	528,300	618,300	69,200	171,800	859,300	293,000	36,700	1,300	331,000

a/ Non-Federal cash contribution required in accordance with WRDA, 1986 provisions.

b/ Derived from fuel tax receipts collected for the Inland Waterways Trust Fund.

c/ Derived from ad valorem tax receipts (0.04 % of cargo value) collected for the Harbor Maintenance Trust Fund.

d/ Derived from user fees collected and deposited in the Special Recreation Use Fee account.

e/ Derived from user fees (including lease funds) . collected and deposited in a Permanent appropriations account.

f/ To be generated from user fees administratively charged for providing technical data and assistance extracted from available data.

g/ Reflects an increase in Harbor Maintenance Trust Fund receipts resulting from raising ad valorem fee from 0.04 to 0.115 % of cargo value.

h/ Reflects an increase in user fees to be collected and deposited in the Special Recreation Use Fee account. Added fees would not be available for appropriation until FY 1992.

i/ Governmental receipts to be generated from increased user fees administratively charged in processing permits and other requests.

j/ Reflects increased contributions for services provided the beneficiaries, consistent with cost sharing provisions of WRDA, 1986.

CECW-BD (JAN-27-90)

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20500

Michael R. Deland
Chairman

(202) 395-5080

March 5, 1990

The Honorable Quentin N. Burdick
United States Senate
Washington, D.C. 20510

The Honorable John H. Chafee
United States Senate
Washington, D.C. 20510

Dear Senators Burdick and Chafee:

Thank you for your letter regarding the requirements of section 301(d) of the Congressional Budget and Impoundment Control Act. In response to your request for a written statement on the Council's budget request, I have attached a copy of our Fiscal Year 1991 Budget Justification. This document addresses all of the points raised in your letter.

The President's budget reflects his commitment for revitalizing the Council on Environmental Quality. This budget will allow us to regain the resources and expertise needed to serve our several important missions as set out in the National Environmental Policy Act.

If you have additional questions about the administration's Fiscal Year 1991 CEQ budget, please call me or have your staff call David Struhs, Staff Director, at 395-3742.

Thank you for your continuing interest in and support of CEQ and the National Environmental Policy Act.

Sincerely,

Michael R. Deland

Recycled Paper

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY

OFFICE OF ENVIRONMENTAL QUALITY

BUDGET SUBMISSION

FY 1991

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

FISCAL YEAR 1991 BUDGET

I. Overview

The Council on Environmental Quality and the Office of Environmental Quality (herein collectively termed CEQ) are requesting a budget authority of $2,780,000 for fiscal year 1991 and personnel ceiling of 34 FTEs. This amount increases the capability to meet existing and added responsibilities as environmental advisor to the President and for other statutory obligations. CEQ serves as a source of environmental expertise for other organizations within the Executive Office of the President and provides for coordination and policy analysis of environmental programs of the federal government.

Major objectives of CEQ include the following:

- Advise the President on national and international policies to foster and promote the improvement of environmental quality;
- Assist and advise the President in the preparation of the annual Environmental Quality Report;
- Conduct studies and make recommendations on policy and legislation as requested by the President;

- Provide general leadership and support to the coordination of activities of the federal departments and agencies which affect, protect and improve environmental quality;
- Oversee federal agency implementation of the environmental impact assessment process and referee interagency disputes on when to conduct assessments.
- Foster cooperation between the federal and local government, the private sector and the environmental community.
- Administer the President's Awards for Excellence in Environmental Education, recognizing teachers who design and implement the most innovative and effective programs to teach students about the environment.

II. Narrative Statement

Background Data

CEQ was established by Congress under the National Environmental Policy Act of 1969 (NEPA). OEQ was established in the Environmental Quality Improvement Act of 1970 to provide professional and administrative staff for the Council. The Chairman of CEQ serves as the Director of OEQ.

CEQ was permanently authorized in NEPA for $1,000,000. OEQ must be periodically reauthorized. Reauthorization of OEQ is currently pending for $1,000,000 for fiscal years 1989 and 1990 (H.R. 1113) and for $1,000,000 for fiscal years 1989 and 1990 and $1,500,000 for fiscal years 1991, 1992 and 1993 (S. 1089) in the 101st Congress. The OEQ "Management Fund" is authorized to receive payments from other agencies to finance studies jointly sponsored by OEQ and other federal agencies and federal interagency projects in which OEQ participates.

Responsibilities

The FY 1991 budget continues the rebuilding of CEQ that began in FY 1990. The President has significantly increased his reliance upon CEQ for environmental advice and has called upon CEQ to coordinate and develop policy in line with the Administration's emphasis on environmental quality. The FY 1991 budget meets the Administration's commitment to staff CEQ at a level of 34 FTEs.

Presidential Advisor

The CEQ Chairman advises the President on national and international environmental issues. CEQ develops and recommends policies and legislation to the President for protecting and improving the quality of the environment.

Coordination

The CEQ Chairman is a participant in meetings of the Domestic Policy Council, the Economic Policy Council, and select meetings of the National Security Council. The chairman serves on various working groups by himself or through designees. CEQ provides leadership and management to committees on environmental issues, and facilitates interagency coordination. CEQ is a Joint Chair of the Interagency Task Force on Acid Precipitation and CEQ is Co-Chair of the Interagency Toxic Substances Data Committee.

CEQ has undertaken a substantial obligation to provide the perspective of the Executive Branch on environmental policy to Congress, national and international leaders, and the public. The Chairman and staff meet frequently with representatives of federal agencies and interest groups, as well as individuals, to discuss the merits and environmental consequences of particular federal policies, programs, and activities.

Report Preparation

Under section 201 of the National Environmental Policy Act (NEPA), the President is required to transmit annually to the Congress an Environmental Quality Report. Section 204 of NEPA enumerates eight specific duties and functions of the Council, the first of which is to assist and advise the President in the preparation of the Environmental Quality Report.

National Environmental Policy Act §102

CEQ promulgates the regulations which implement the environmental impact assessment process under NEPA and which are binding on all federal agencies. CEQ acts as the final administrative authority interpreting NEPA, and carries out this responsibility through a number of oversight activities. CEQ assists federal agencies in the resolution of disputes concerning environmentally unsatisfactory proposals referred to the Council.

Environmental Data and Analysis

CEQ compiles and publishes information on trends in the environment data and the methodology for analyses of environmental data. CEQ is strengthening its capabilities for coordinating the government's collection, interpretation, and dissemination of environmental data.

President's Awards for Excellence in Environmental Education

A new program in FY 1991 is the President's Awards for Excellence in Environmental Education. The President will give cash awards of up to $5,000 to two elementary or secondary school teachers from each state. The awards program is designed to stimulate and recognize the development of innovative and effective programs which teach students about the environmental issues and responsibilities. CEQ will administer the program and will work with national, state and local organizations to identify candidates.

International Environmental Policy

CEQ assists in implementing the President's international environmental commitments. For example, the CEQ Chairman is Co-Chairman of the White House Seminar on Science and Economics Research Relating to Global Change and serves on the Domestic Policy Council's Working Group on Global Climate Change. CEQ participates in the deliberations of bodies such as the Intergovernmental Panel on Climate Change (IPCC), the Organization for Economic Cooperation and Development (OECD), the Economic Commission for Europe (ECE), the European Community (EC) and the United Nations Environment Programme. CEQ oversees procedures to assess the environmental impacts of federal activities outside the borders of the United States. CEQ serves as U.S. Co-Chair for Legal & Administrative measures for Protection of the Environment under the US-USSR Environmental Agreement, and U.S. Co-Chair for the Environmental Impact Assessment Project under the U.S.-Japan Environmental Agreement.

Environmental Management Policy

CEQ has oversight for the implementation of Executive Orders on the use of offroad vehicles on federal lands (EOs 11644 and 11989) and on the environmental effects of major federal actions abroad (EO 12114). CEQ is strengthening its capabilities for development of environmental management policy in the areas of natural resources, energy and integrated environmental management.

Other

CEQ's responsibilities will continue to grow due to increased emphasis on issues related to environmental quality such as:

- Global Climate Change
- Preservation of Wetlands
- Biological Diversity
- Pollution Prevention

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

BUDGET OVERVIEW

(In Thousands of Dollars)

	FY 1989 Actual	FY 1990 Estimated Level	FY 1991 Requested
Budget Authority	850	1,500	2,780
Outlays	769	1,420	2,655
Full-time Equivalent Employment	10	20	34

III. Appropriation Language

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

Salaries and Expenses

For necessary expenses of the Council on Environmental Quality and the Office of Environmental Quality, in carrying out their functions under the National Environmental Policy Act of 1969 (Public Law 91-190), the Environmental Quality Improvement Act of 1970 (Public Law 91-224), and Reorganization Plan No. 1 of 1977, including not to exceed $2,000 for official reception and representation expenses, and hire of passenger motor vehicles, $2,780,000. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1991.)

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

Program Statement

The Council on Environmental Quality and the Office of Environmental Quality analyze important environmental conditions and trends; review an appraise Federal Government programs having an impact upon the environment; develop and recommend policies and legislation to the President for protecting and improving the quality of the environment; assist in coordinating Federal environmental programs which involve more than one agency; and assist in the preparation of the President's annual report to Congress. CEQ will also administer a new award program for excellence in environmental education.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

Program and Financing
(In Thousands of Dollars)

	FY '89 actual	FY '90 estimate	FY '91 estimate
Program by activities:			
Direct program: Environmental policy development and program evaluation	845	1,465	2,780
Reimbursable program	96	...	...
Total obligations	941	1,465	2,780
Financing:			
Offsetting collections from:			
Federal funds	-96	...	...
Unobligated balance lapsing	5	...	...
Budget authority (appropriation)	850	1,500	2,780
Appropriation pursuant to P.L. 101-144		-23	
Appropriation pursuant to P.L. 99-177		-12	
Appropriation adjusted		1,456	
Relation of obligation to outlays:			
Obligations incurred, net	845	1,465	2,780
Obligated balance, start of year	205	281	...
Obligated balance, end of year	-281	-281	...
Outlays	769	1,465	2,780

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

Enacted/requested..............................	850	1,500	2,780
Budget authority..............................	850	1,500	2,780

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

Object Classification
(In Thousands of Dollars)

	FY 89 actual	FY 90 estimate	FY 91 estimate
Direct obligations:			
Personnel compensation: Full time permanent	490	959	1,540
Personnel benefits:			
Civilian	77	218	302
Travel	16	51	70
Transportation of things	6	10	20
Standard level user charges ..	86	107	178
Communications, utilities, and other rent	22	35	55
Printing and reproduction	26	30	45
Other services	37	35	545
Supplies and materials	18	10	15
Equipment	67	10	10
Subtotal, direct obligations	845	1,465	2,780
Reimbursable obligations	96	...	...
Total obligations	941	1,465	2,780

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

Personnel Summary

	FY 1989 actual	FY 1990 estimate	FY 1991 estimate
Direct:			
Total Number of full-time permanent positions	8	20	34
Total Compensable workyears: Full-time equivalent employment	9	20	34
Reimbursable:			
Total Number of full-time permanent positions	1	...	...
Total Compensable workyears: Full-time equivalent employment	1	...	...

IV. Explanation of and Justification of Changes By Object Classification for FY 1991

Executive Office of the President
Council on Environmental Quality
Office of Environmental Quality

(In Thousands of Dollars)

FY 90	FY 91		Increase
1,465*	2,780	1. Personnel Compensation and Benefits The budget authorization for FY 1991 brings CEQ to 34 FTEs including the Chairman, professional and support staff. The additional staff will enable CEQ to adequately fulfill the broad range of CEQ activities in the areas of responsibility.	1,315
51	70	2. Travel of Persons An increase of $21,000 is anticipated due to increased costs associated with airline fare (especially for foreign travel), for increased per diem rates, and for the increase in CEQ staff.	21
10	20	3. Transportation of Things An increase of $10,000 is anticipated to increased costs associated with the increased CEQ staff.	10

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*Includes adjustments pursuant to $1,465,00 for P.L.101-44 and P.L.99-177

FY 90	FY 91		Increase
107	178	4. Rental Payments to GSA (SLUC) Increased costs in this category are for increased office space for FTEs.	71
35	55	5. Communications, Postage Increased costs in this category are for increased utilization with 34 FTEs.	20
30	45	6. Printing and Reproduction Increased costs in this category are for increased utilization with 34 FTEs.	15
35	545	7. Other Services An amount of $500,000 is authorized to provide cash awards to the recipients of the environmental education awards. The additional costs in this category are for basic equipment maintenance contracts and minor alterations of work space.	510
10	15	8. Supplies and Materials Increased costs in this category are for increased utilization with 34 FTEs.	5
10	10	9. Equipment No increased costs anticipated.	0

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

MANAGEMENT FUND

I. Narrative Statement

A. Background

The statutorily established Management Fund account authorizes the financing of study contracts that are jointly sponsored by CEQ and one or more other federal agencies, and federal interagency environmental projects (including task forces) in which the CEQ participates. The fund operates under policies and procedures established to maintain financial integrity and accountability. All activities require the approval of the CEQ Chairman.

The Management Fund is divided into program divisions for accounting and budget presentation purposes: Division 100 -- Environmental Policy Development Studies and Projects, and Division 200 -- Interagency Task Force on Acid Precipitation (ITFAP) which operates the National Acid Precipitation Assessment Program (NAPAP). The NAPAP Office of the Director operates through the Management Fund.

CEQ oversees the management fund and provides for oversight, technical evaluation, administrative assistance, conference facilities and occasionally limited financial support. Co-sponsoring federal agencies provide financial resources on a project basis by means of interagency agreements. The co-sponsoring agency may also name a project officer to perform technical evaluations and assist in contract management. CEQ can transfer funds from its regular appropriation account into the Management Fund to co-sponsor select projects.[1]

B. Objectives

The Management Fund is important to CEQ in fulfilling its policy and coordination responsibilities described above in section II. of this budget request It facilitates the participation of other federal agencies and the combination of financial resources for studies of mutual benefit. It is a mechanism that provides CEQ with rapid access to a wide range of specialized expertise available through federal procurement procedures.

C. Projected Activity for FY 1991

1. Division 100 (Environmental Policy Development Studies and Projects)

Division 100 studies are difficult to budget on an fiscal year basis for two reasons. First, the resources are typically one-year money intermittently received through interagency transfer during the fiscal year. The initiation of a special study or project is dependent upon fund availability and the relative priority of the subject matter. Second, the work revolves around emerging issues and new developments not known beforehand. As such, there is not sufficient advance notice for normal budgeting on a project basis. The plans for individual studies and projects are developed with a three-to-six month lead time, on average. Indeed, one of the purposes of the Management Fund is to allow the government to respond rapidly to developing environmental concerns.

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[1] The Management Fund procedures forbid the transfer of funds from the Management Fund to the appropriations account.

It is possible, however, to project the range of likely activity based on historical precedents and general program goals. At its peak, the level of Division 100 funding per year was for approximately 35 policy studies with a total annual cost for all projects ranging of $1,500,000. The FY 1989 total was $100,000.

2. Division 200 (Interagency Task Force on Acid Precipitation)

Division 200 activities are subject to annual budget projections as the Office of the Director of NAPAP must budget its operations for the coming year as if it were an agency. The NAPAP Joint Chairs Council, representing NAPAP's major funding agencies, has approved a total NAPAP 1990 budget request of $1,800,000, which is apportioned to individual participating agencies. Based on each agencies' proportional share of the total research budget, funds to support the Office of the Director are transferred to the Management Fund for financial management of NAPAP's coordinating activities. In fiscal year 1989, the budget for the NAPAP Office of the Director totaled $1,603,000, not including personnel compensation and benefits.

The program expenses for NAPAP's Office of the Director are different from those for contract studies. NAPAP operates as an independent accounting entity from its member agencies. Several federal agencies contribute funds (through interagency agreements) and detail personnel to support ITFAP activities. The Office of the Director pays for its non-personnel administrative costs and contract expenses from the Management Fund account.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

Management Fund

Program Statement

The fund finances study contracts that are jointly sponsored by the Office of Environmental Quality and one or more Federal agencies and Federal interagency environmental projects (including task forces) in which the Office participates.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

MANAGEMENT FUND

PROGRAM AND FINANCING
(Dollars in Thousands)

	FY 89 actual	FY 90 estimate
Program by activities:		
Total obligations (object class 25.0) ...	1,447	1,800
Financing		
Offsetting collections from:		
Federal funds	-1,738	-1,800
Unobligated balance available, start of year	-256	-547
Unobligated balance available, end of year	547	547
Budget authority (appropriation)	...	...
Relation of obligations to outlays:		
Obligations incurred, net	291	
Obligated balance, start of year	819	1086
Obligated balance, end of year	-1086	-1086
Outlays	- 558	

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

VI. A Summary of Accomplishments in FY 1989

CONTENTS

SECTION A. NATIONAL ENVIRONMENTAL POLICY

SECTION B. COORDINATION

SECTION C. REPORTS

SECTION D. NATIONAL ENVIRONMENTAL POLICY ACT §102

SECTION E. ENVIRONMENTAL DATA AND ANALYSIS

SECTION F. ENVIRONMENT MANAGEMENT POLICY

SECTION G. INTERNATIONAL ENVIRONMENTAL POLICY

A SUMMARY OF ACCOMPLISHMENTS IN FY 1989 BY THE COUNCIL ON ENVIRONMENTAL QUALITY

SECTION A. NATIONAL ENVIRONMENTAL POLICY

CEQ is involved in the consideration, preparation and review of drafts of environmental statements, Executive Orders, decision memoranda, and other items involving environmental quality. The CEQ Chairman represents the Executive Branch at official national and international meetings concerned with environmental affairs. This year numerous meetings were held with representatives of science, industry, agriculture, labor, conservation and environmental organizations, state and local governments, and other groups.

SECTION B. COORDINATION

1. Executive Office of the President

CEQ participated in meetings of the Domestic Policy Council and the Domestic Policy Council's Working Group on Energy, Natural Resources, and Environment. CEQ assisted in the review and development of policy issues and in the preparation of briefing papers for the DPC.

CEQ also served as Chairman of the Domestic Policy Council's Task Force on Outdoor Recreation Resources and Opportunities that conducted a major analysis of the Reagan Administration's recreation policy and produced. CEQ provided follow-up to the report, Outdoor Recreation in a Nation of Communities that was the Reagan Administration's action plan for Americans outdoors.

CEQ served on two OSTP committees. CEQ provided environmental quality perspective for the Committee on Life Sciences that discussed issue of international regulatory and policy aspects of biotechnology and risk assessment. The Committee on Earth Sciences provides for interagency coordination to increased overall effectiveness and productivity of federal research efforts directed toward an understanding of the Earth as a global system. This understanding is critical to environmental quality and particular "global climate change issues."

CEQ continued in its capacity as Joint Chair of the Interagency Task Force on Acid Precipitation (ITFAP).[1] The Council coordinates with agencies in the Executive Office of the President and federal agencies concerned with acid precipitation to insure that the federal research effort is responsive to major policy questions being asked by Congress and other policy makers. CEQ meets on a continuing basis with those government agencies having responsibilities for acid precipitation-related programs. CEQ oversees the activities facilitates the financial management of interagency activities in support of the program.

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[1] ITFAP carries out the National Acid Precipitation Assessment Program (NAPAP) with funds appropriated to individual agencies in accordance with a mutually-agreed upon research plan.

CEQ advised OMB in the coordination and clearance process of proposed policy and legislation related to environmental quality.

2. Other Interagency Committees

CEQ co-chairs the Interagency Toxic Substances Data Committee (ITSDC), a part of the Interagency Testing Committee established by the Toxic Substances Control Act. Other ITSDC members are the key regulatory and policy agencies of the federal government with responsibility for toxic substances regulation.

CEQ serves on the Marine Pollution Control Board of the National Oceanic and Atmospheric Administration to assist in interagency efforts to protect the marine environment.

SECTION C. REPORTS

CEQ assists the President in preparing the annual Environmental Quality report to Congress on the status of the environment. The report describes: current trends in the quality of the environment; the adequacy of available natural resources for fulfilling human and economic requirements in light of population pressures; the programs and activities of federal, state, and local governments and other entities and the effect of those programs and activities on the environment; and the need to remedy deficiencies of existing programs and activities. In carrying out this mandate, the Council coordinates, interprets, and assembles data and information on environmental quality. The report also contains CEQ's findings which have been developed

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The ITFAP is jointly chaired by EPA; the Departments of Agriculture (USDA), Energy (DOE), and the Interior (DOI); the National Oceanic and Atmospheric Administration (NOAA); and CEQ. Other statutory members are the Tennessee Valley Authority (TVA), the Department of Commerce, the Department of Health and Human Services, the National Science Foundation, the Department of State, and the National Aeronautics and Space Administration. Seven federal agencies share decision and budgetary authority over NAPAP: EPA, USDA, DOE, DOI, NOAA, TVA, and CEQ. The NAPAP Office of the Director operates through the OEQ Management Fund and is housed within CEQ's office space.

through its own studies and activities authorized by NEPA and other directives.

The 17th *Environmental Quality* report of the Council on Environmental Quality for the year 1986 was published and released on fall 1988. The report focused on lands and resources that are managed for their "natural" values and are subject to special protections or reserved uses (*i.e.*, birdlife of the United States, wetlands, marine sanctuaries, and the public recreation lands). A comprehensive statistical appendix corresponding to the second *Environmental Trends* report was also included, and will become a standard feature permitting annual updated information to track programs on a number of environmental fronts. In addition, the 17th annual report contained an appendix on NEPA §102 implementation. Copies of the report were distributed to Members of Congress and federal and state agencies. Additional copies were printed to be made available to the public through the Government Printing Office and to the Depository Library System.

The 18th and 19th *Environmental Quality* reports for years 1987 and 1988 were published in a combined volume in spring 1989. The 18th report focussed on "man-made" environments that are intensively used, often disturbed or degraded, some of which have been restored or are recovering (*e.g.*, urban air, solid waste landfills, groundwater). The 19th report for the year 1988 will focus on lands that are "altered" to some extent (*e.g.*, for farming, ranching, mining), but are not heavily populated. The reports also contain information on NEPA §102 implementation by the federal agencies.

CEQ has begun preparation of the 20th *Environmental Quality* report for the year 1989. The 20th annual report will provide an opportunity for a perspective on 20 years of NEPA implementation and of environmental protection by federal, state, local, and private entities.

CEQ published *Risk Analysis: A Guide to Principles and Methods for Analyzing Health and Environmental Risks*. This book provides a basic understanding of risk analysis with glossary and other materials including copies of important federal guidelines used for risk assessment.

SECTION D. NATIONAL ENVIRONMENTAL POLICY ACT §102

The "NEPA process" refers to the requirement in Section 102 of NEPA that all federal agencies assess the environmental impacts of proposed major federal actions significantly affecting the quality of the human environment. Overseeing the implementation of this requirement is one of the agency's most important missions. Pursuant to Executive Order No. 11991 (1977) CEQ developed a set of binding regulations to implement NEPA which would reduce paperwork and delay and improve the decisionmaking process. Regulations were promulgated in 1978 and became effective and binding on all federal agencies in 1979. In 1981, the agency reviewed the regulations and determined that no major changes were needed in them. In 1983, CEQ issued guidance relating to several issues covered in the NEPA regulations. In FY 1985, the Council proposed an amendment to the regulation which deals with incomplete or unavailable information. After several public meetings and a public comment period, CEQ amended that regulation; the change became effective in May, 1986. That amendment was recently upheld in a unanimous decision of the U.S. Supreme Court. No further amendments to the NEPA regulations are currently contemplated.

Referrals Under §309 of the Clean Air Act

Section 309 of the Clean Air Act and the CEQ's regulations implementing the procedural provisions of NEPA directs the Administrator of the Environmental Protection Agency (EPA) to review and comment publicly on the environmental impacts of federal activities, including proposed regulations published by a department or agency. If, upon review, the "Administrator determines that the matter is unsatisfactory from the standpoint of public health or welfare or environmental quality, section 309 directs that the matter be referred to the Council." 40 C.F.R. §1504.1(b). Other federal agencies may make similar reviews of environmental impact statements and may ask the Council to make findings and recommendations regarding the acceptability of the anticipated environmental effects. See 40 CFR §1504.1(c).

Referral from the Environmental Protection Agency Regarding the Department of the Interior's Bureau of Reclamation to Renew Long-Term Water Contracts for the Orange Cove and other Friant Unit Irrigation Districts of the Central Valley Project in California

On February 3, 1989, CEQ received a referral from the Acting Administrator of EPA, regarding the proposed renewal by the Department of the Interior Bureau of Reclamation of long-term water contracts for the Orange Cove and other Friant Unit irrigation districts of the Central Valley Project in the Central Valley of California. EPA recommended that a programmatic EIS be prepared to address the programmatic goals and cumulative impacts of alternative beneficial uses of Central Valley Project water, or, at a minimum, that an EIS be developed regarding the Friant Unit contract renewals. CEQ held a public meeting in Washington, D.C. and in Fresno, California, in April of 1989 to take comment on the issue raised in the referral, and also provided for a written comment period. CEQ's Finding and Recommendations were published in the Federal Register on July 6, 1989.

Approval of Federal Agencies' NEPA Procedures

In accordance with the CEQ regulations (40 C.F.R. §1507.3), federal agencies consult with and obtain the approval of the Council in promulgating or amending their NEPA implementing regulations. CEQ reviews agency regulations and amendments for conformity with NEPA and the CEQ regulations. During FY 1989, CEQ approved amendments to NEPA procedures for the Department of Housing and Urban Development and is currently working with the Federal Aviation Administration regarding possible changes to the NEPA procedures for that agency.

Emergency Exemptions Under NEPA

The CEQ regulations implementing NEPA permit exceptions to the normal process in emergency situations. In FY 1989, CEQ granted an emergency exemption to the U.S. Fish and Wildlife Service for destruction of fish exposed to Viral Hemorrhagic Septicemia at the Makah National Fish Hatchery in the State of Washington.

Adequacy of Environmental Reviews

One of CEQ's primary missions is to oversee federal agency compliance with NEPA. CEQ/OEQ is frequently called upon to examine a federal agency's NEPA compliance or to assist an agency with its NEPA compliance for a specific proposal. Much of this work is done on an informal basis, as the result of requests from government agencies, state or municipal officials, and private citizens. Some of the NEPA compliance issues with which CEQ was involved in FY 1989 and is currently involved include consultation with the Defense Nuclear Agency regarding NEPA compliance for proposed Deep Underground Testing, discussion with the U.S. Fish and Wildlife Service regarding the scope of a programmatic environmental impact statement for the National Wildlife Refuge System, consultation with the Arctic Research Commission regarding methods of improving scientific content and review of NEPA documents, and responding to citizen complaints about NEPA compliance in relation to proposed airport expansion.

NEPA Publications

During FY 1988, CEQ held a conference, co-sponsored with the Environmental Law Section of the New York State Bar Association, on the preparation and review of environmental impact statements. In FY 1989, proceedings of that conference were published and distributed.

The 18th and 19th Environmental Quality Reports contain appendixes which summarize significant 1987 and 1988 judicial decisions relating to NEPA compliance, as well as CEQ's oversight activities for those years.

Guidance for Considering Stratospheric Ozone Depletion and Global Warming

CEQ held a series of public meetings to hear from scientists and other experts on the related issues of stratospheric ozone depletion and global warming, and a meeting with representatives of several federal agencies and members of the public to discuss whether and to what extent these environmental phenomena should be addressed in NEPA documents. In FY 1989, CEQ issued draft guidance on this subject. At the present time, the draft is undergoing federal interagency review.

NEPA 20th Year Events

The 20th anniversary of the enactment of NEPA falls within FY 1989. CEQ is coordinating, and sponsoring various activities designed to commemorate the event, to encourage federal agencies to comply with the letter and the spirit of the law, and to educate the public regarding the important participatory aspects of the statute.

SECTION E. ENVIRONMENTAL DATA AND ANALYSIS

Environmental Trends Report

In FY 1984, CEQ began an interagency effort to update information about environmental data sources that are available, and to produce a second Environmental Trends report. CEQ continued the central coordinating role in developing the first report and co-sponsoring its initial publication in 1981. The revision of the report at 5-year intervals was deemed a meaningful time period for discernable trends to develop. Through the use of maps and charts, the report is designed to portray quantitatively the current conditions and trends in the quality of the environment.

An interagency working group for the second report was established in late FY 1985, with membership from approximately 15 agencies. Multi-agency funding was begun and a support contract awarded. The contract was awarded to NUS Corporation to conduct background studies and propose alternatives for the organization and content of the report.

The interagency working group continued to meet frequently in FY 1987 and FY 1988 for planning and evaluation of draft products. Other support contracts were let for graphics and editorial assistance. Although work continues, progress on the report has been greatly hampered by a lack of funds. Publication of the report is anticipated in FY 1989.

As another facet of this activity, recommendations will be made for improvements in data and monitoring, based on deficiencies noted during the process of seeking and securing information, and for institutionalizing the reporting of key environmental variables for use in future assessments of environmental trends.

Risk Assessment

CEQ has conducted activities related to risk assessment and environmental impact assessment. The Council has developed and published Risk Analysis: A Guide to Principles and Methods for Analyzing Health and Environmental Risks. In addition, the Council has participated with the National Science Foundation in a review of the scientific bases of risk assessment to improve consistency in approaches used by federal agencies and has hosted meetings of the experts developing the report.

Cumulative Impact Assessment

CEQ has also initiated a review of cumulative impact assessment as a component of environmental impact assessments prepared in the United States and in other countries. Cumulative impact assessment poses special challenges. Large scale issues of time and space (global/regional) present real concerns and almost limitless hypothetical environmental impacts. Topical short-term and longer-term effects of particular projects or activities include global warming, sea level rise, and ozone layer depletion. Assessment is difficult because of the complexities of distinguishing real from hypothetical concerns, assessing unquantifiable environmental amenities, and handling vast uncertainty.

CEQ has prepared an inventory of cumulative assessment-related activities conducted by federal agencies with assistance from the Conservation Foundation. In November, 1988, the Council convened a meeting of federal agency representatives concerned with cumulative impact assessment that developed an agenda for interagency coordination and technical meetings related to cumulative impact assessment. The inventory and a summary of the interagency meeting were published and distributed.

As follow-up CEQ has begun a process to develop materials that could principles or guidance for cumulative impact assessment. Based on the results of November 1988 workshop, CEQ has commissioned the develop of additional conceptual material including a description of the relationship between the cumulative impact analysis and the decision under consideration. The Environmental Protection Agency has participated in planning and has provided additional funding.

Environmental Impact Assessment and Emerging Technology

CEQ periodically receives questions regarding the National Environmental Policy Act (NEPA) requirements for various R&D activities. The range of issues extend from concern that complying with NEPA will delay or discourage important R&D to counter concern that R&D activity is excluded from NEPA. In order to share information among the agencies related to R&D, CEQ is developing materials relating to these issues, and will hold an interagency meeting. As an initial step, CEQ is collecting examples of agency approaches to R&D, and pertinent case law. Once we have collated this information, we are planning an interagency meeting to exchange information.

In response to questions regarding environmental impact assessment for various R&D activities, began a process to provide additional information. CEQ conducted an interagency meeting was held in May with review of legal requirements and cases presented by a panel of attorneys from the Justice Department. A second interagency meeting was held in July with the Forest Service leading a discussion of its approach.

SECTION F. ENVIRONMENT MANAGEMENT POLICY

Toxic Substances

Current agency activities have been focused on two primary areas. One is the technical responsibility associated with toxic substances and chemicals of environmental concern. CEQ is a statutory member of the Interagency Testing Committee (ITC). The ITC, established under the Toxic Substances Control Act, is charged with recommending to the EPA Administrator chemical substances which should be given priority consideration for promulgating health and environmental testing rules.

In addition, the Chairman of CEQ serves as a joint chairman, along with the Administrator of EPA, of the Interagency Toxic Substances Data Committee. This Committee was established to improve coordination in the generation, sharing, and management of information about chemical substance life cycles and effects upon the environment.

Representatives of CEQ/OEQ attend the meetings of both the ITC and the Interagency Toxic Substances Data Committee on a regular basis.

SECTION G. INTERNATIONAL ENVIRONMENTAL POLICY

CEQ in conjunction with the Executive Office of the President works cooperatively with other agencies in developing international environmental policy. CEQ also interacts with representatives of foreign governments and international organizations about mutual interests concerning conservation of the world's resources. Moreover, the Council serves as the coordinating body for reviewing international requests for environmental information and consolidating the views of the various federal agencies into a United States position.

CEQ provides information and interpretation of Executive Order No. 12114 which outlines policies and procedures for assessing the environmental effects of major actions of the federal government which take place abroad. The Executive Order provides for different types of procedures depending on (1) whether the action would take place in the global commons or in another country which is not participating in the action; (2) whether the action involves a product which is strictly regulated by federal law because of its toxic or radioactive properties; or (3) whether it is an action affecting certain resources which can be designated for protection by the President or international agreement.

Economic Commission for Europe

The ECE has directed an ad hoc working group to prepare draft elements for a Framework Agreement on Environmental Impact Assessment in a Transboundary Context. CEQ has been and continues to be involved in the process of drafting and reviewing the proposed framework.

United Nations Environmental Programme

In FY 1989, the Council has continued to work with the United Nations Environment Programme (UNEP) on issues relating to global warming, species preservation, regional seas, and environmental impact assessment. CEQ will participated in the 1989 meeting of the UNEP Governing Council.

Sundance Symposium on Global Climate Change

At the Sundance Symposium on Global Climate Change, the Chairman of CEQ conveyed a Presidential message regarding the administration's response to understanding and solving such environmental problems.

Intergovernmental Panel on Climate Change

The Intergovernmental Panel on Climate Change (IPCC) was established in late 1988 by the World Meteorological Organization and the United Nations Environment Program. The US has been a major force in the establishment of the IPCC and in the activities of its three working groups. The US chairs the Response Strategies Working Group. CEQ has been a participant in interagency activities related to the IPCC and CEQ has been a delegate to the RSWG.

The Organization for Cooperation and Development

CEQ has been actively involved with the Organization for Cooperation and Development (OECD). CEQ was a delegate to the Committee for Science and Technology Policy meeting in October 1988 and meetings of the OECD Group of National Experts on Safety in Biotechnology held in April and June of 1989. CEQ has been a major force in the formation of the OECD's draft guidelines for good development practices associated with biotechnology. CEQ has conducted activities for the exchange of information with the OECD's Environmental Directorate.

The European Communities

The EC is engaged in activities related to environmental assessment and biotechnology that have been of interest to CEQ. CEQ participated in discussions in Brussels with the EC regarding implementation of its directive on environmental assessment CEQ has been involved with an interagency group responding to proposed EC directives in biotechnology. CEQ has met with EC representatives in bilateral discussion on biotechnology held in Washington.

Canada

The Canadian Environmental Research Council (CEARC) is in certain respects a counterpart to CEQ. Representatives of CEARC attended the CEQ meeting on cumulative impact assessment held in November 1989. CEARC and CEQ have been meeting to discuss a joint US-Canadian project on cumulative impact assessment in Prairie Wetlands that will carry into FY 1990 and FY 1991.

The Council has participated with other agencies in discussions relating to the ratification and implementation of the Montreal Protocol on Substances to Deplete the Ozone Layer, and on the Intergovernmental Panel on Climate Change. The Council has also participated in an interagency working group dealing with the export of hazardous wastes.

World Commission on Environment and Development

CEQ continues to be involved in follow-up work to the report of the World Commission. CEQ is a member of an interagency workgroup that has been reviewing the report and looking toward the 1990 Bergan Conference that follow-up the implementation of the recommendation by different governments.

Biodiversity

CEQ is a member of the State Department interagency working group on biological biodiversity. This group has been developing approaches to biological biodiversity through consideration of existing and proposed international agreements.

Tropical Forests

CEQ is a member of an interagency task for on tropical forests. This committee discussed matters related to activities of US agencies, particularly AID and the U.S. Forest Service, debt for nature swaps, the UNDP and Amazon Forestry Management, and Tropical Forestry Action Plan.

Antarctic

CEQ participates in a working group which is examining how to best interpret and eventually implement the Convention on the Regulation of Antarctic Mineral Resource Activities (CRAMRA). CEQ is also discussing with the National Science Foundation its responsibilities for implementing environmental laws in relation to its activities in the Antarctic.

Multilateral Development Bank Projects

CEQ is a member of an "early warning group" composed of several federal agencies which review proposals submitted to multilateral development banks (MDBs). The group attempts to identify projects with apparent environmental issues of significance. CEQ is also participating in discussions with the Department of the Treasury and other interested parties about environmental assessment procedures for MDB funded projects.

Whaling Moratorium

The Council continued its oversight of the work of the International Whaling Commission in FY 1989. CEQ is a member of an interagency committee to oversee implementation of the moratorium on commercial whaling which went into effect in 1986. Several nations have continued to conduct whaling activities which are contrary to the moratorium, and the United States has, in some instances, imposed economic sanctions on such countries.

International Environmental Agreements

CEQ has continued its involvement in two bi-lateral agreements, one with the Soviet Union and one with Japan. In FY 1988, CEQ continued to participate in the "Agreement on Cooperation in the Field of Environmental Protection" between the United States and the Soviet Union. A CEQ official serves as the Project Leader for Area XI (Legal and Administrative Measures for Protecting

Environmental Quality). In FY89, CEQ led a delegation of seven American attorneys to the Soviet Union for a meeting with Soviet officials. This is a particularly significant period in the development of Soviet environmental law. The Soviet government is in the process of establishing a new agency for environmental protection, and is drafting new environmental laws, as well as expanding its role in the field of international environmental cooperation.

Similarly, the General Counsel co-chairs a project on environmental assessment under the "Agreement between the Government of the United States and the Government of Japan on Cooperation in the Field of Environmental Protection." In FY 1989, CEQ continues to exchange information with officials of the Environment Agency of Japan under the terms of the Agreement.

Executive Order No. 12114

CEQ completed a comprehensive survey of federal agency compliance with Executive Order No. 12114 (Environmental Effects of Federal Actions Abroad) during FY 1988, and compiled a summary of the responses. That information was used, in part, to develop CEQ's position on amendments to NEPA which were introduced in the Congress during FY 1989. One amendment would extend the procedural requirements of NEPA to extraterritorial actions; the second amendment would require the Department of the Treasury to implement an environmental impact assessment process to support United States voting decisions in the multilateral development banks. CEQ will be working with OMB and the other involved agencies to formulate an Administration position on these important issues.

Emerging Technologies

CEQ has actively participated in biotechnology programs of international organizations such as the Organization for Economic Cooperation and Development (OECD) and the Commission of the European Communities, seeking to develop environmentally sensitive principles for biotechnology research and development.

CEQ is considering initiating a project to look at broader approaches to the consideration of environmental issues in the development of emerging technologies. These approaches will seek to include environmental considerations early in the research and development process while not deterring innovation.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL QUALITY

STATUATORY AUTHORITY

Basic Responsibilities

National Environmental Policy Act of 1969

SEC. 102 (2)(2)
[All agencies of the Federal Government shall identifiy and develop methods and procedures, in consultation with the Council on Environmental Quality...which shall ensure that presently unquantified environmental amenities and values may be given appropriate considerations in decisionmaking along with economic and technical considerations.

SEC. 201. The President shall transmit to the Congress annually beginning July 1, 1970, an Environmental Quality Report (hereinafter referred to as the "report") which shall set forth (1) the status and condition of the major natural, manmade, or altered environmental classes of the Nation, including, but not limited to, the air, the aquatic, including marine, estuarine, and fresh water, and the terrestrial environment, including but not limited to forest, dryland, wetland, range, urban, suburban and rural environment; (2) current and foreseeable trends in the quality, management and utilization of such environments and the effects of those trends on the social, economic, and other requirements of the Nation; (3) the adequacy of available natural resources for fulfilling human and economic requirements of the Nations in the light of expected population pressures; (4) a review of the programs and activities (including regulatory activities) of the Federal Government, the State and local governments, and nongovernmental entities or individuals with particular reference to their effect on the environment and on the conservation, development and utilization of natural resources; and (5) a program for remedying the deficiencies of existing programs and activities, together with recommendations for legislation.

Enviromental Quality Improvement Act of 1970

SEC. 204. It shall be the duty and function of the Council-
(1) to assist and advise the President in the preparation of the Environmental Quality Report required by section 201 of this title;
(2) to gather timely and authoritative information concerning the conditions and trends in the quality of the environment both current and prospective, to analyze and interpret such information for the purpose of determining whether such conditions and trends are interfering, or are likely to interfere, with the achievement of the policy set forth in title I of the Act, and to compile and submit to the President studies relating to such conditions and trends; (3) to review and appraise the various programs and activities of the Federal Government in the light of the policy set forth in title I of this Act for the purpose of determining the extent to which such programs and activities are contributing to the achievement of such policy, and to make recommendations to the President with respect thereto; (4) to develop and recommend to the President national policies to foster and promote the improvement of environmental quality to meet the conservation, social, economic, health, and other requirements and goals of the Nation; (5) to conduct investigations, studies, surveys, research, and analyses relating to ecological systems and environmental quality; (6) to document and define changes in the natural environment, including the plant and animal systems, and to accumulate necessary data and other information for a continuing analysis of these changes or trends and an interpretation of their underlying causes; (7) to report at least once each year to the President on the state and condition of the environment; and (8) to make and furnish such studies, reports thereon, and recommendations with respect to matters of policy and legislation as the President may request.

(d) In carrying out his functions the Director shall assist and advise the President on policies and programs of the Federal Government affecting environmental quality by-
(1) Providing the professional and administrative staff and support for the Council on Environmental Quality established by Public Law 91-190;
(2) Assisting the Federal agencies and departments in appraising the effectiveness of existing and proposed facilities, programs, policies,

and activities of the Federal Government, and those specific major projects designated by the President which do not require individual project authorization by Congress, which affect environmental quality;
(3) Reviewing the adequacy of existing systems for monitoring and predicting environmental changes in order to achieve effective coverage and efficient use of research facilities and other resources;
(4) Promoting the advancement of scientific knowledge of the effects of actions and technology on the environment and encourage the development of the means to prevent or reduce adverse effects that endanger the health and well-being of man;
(5) Assisting in coordinating among the Federal departments and agencies those programs and activities which affect, protect, and improve environmental quality;
(6) Assisting the Federal departments and agencies in the development and interrelationship of environmental quality criteria and standards established through the Federal Government;
(7) Collecting, collating, analyzing, and interpreting data and information on environmental quality, ecological research, and evaluation.
(e) The Director is authorized to contract with public or private agencies, institutions, and organizations and with individuals without regard to sections 3618 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5) in carrying out his functions.

Other Statutory Responsibilities

Urban Mass Transportation Assistance Act (1970)

49 U.S.C. 1610
CEQ must be consulted by the Secretary of Transportation in carrying out the policy of this title to preserve the natural beauty of the countryside, etc., in designing and constructing urban mass transportation projects for which federal assistance is provided.

Airport and Airway Development Act (1970), As Amended

49 U.S.C. 2203
"National airport and airway system plans" Title V of Pub.L. 97-248, Sept. 3, 1982, 96 Stat. 695.

Formerly, under 49 U.S.C. 1712, CEQ was listed as an agency to be consulted for recommendations in the development of a national airport system plan.

The 1982 law, cited above, does not specifically mention CEQ. The comparable section, 49 U.S.C. 2203, "Consultation with Federal and public agencies and aviation community" states: "In reviewing and revising the national airport system plan, the Secretary shall consult, to the extent feasible and as appropriate, with other Federal and public agencies, and with the aviation community."

Marine Mammal Protection Act (1972)

16 U.S.C. 1401
CEQ and certain other agencies are given the responsibility for submitting lists of individuals qualified for service on the Marine Mammal Commission from which the President selects members.
16 U.S.C. 1403
CEQ must be consulted by the Marine Mammal Commission in establishing a Committee of Scientific Advisors on Marine Mammals.

Non-nuclear Energy Research and Development Act (1974), As Amended

42 U.S.C. 5912 (a) (7)
The Water Resources Council must consult CEQ in its assessments of water resource requirements and water supply availability for any non-nuclear energy technology.

Coastal Zone Management Act Amendments (1976), As Amended

The Chairman of the Council, or his designated representative has responsibility for participating, on behalf of the Federal Government, in Federal-state consultations regarding marine and coastal zone problems.

National Science and Technology Policy Organization and Priorities Act (1976)

42 U.S.C. 1456(c)
The Director of the Office of Science and Technology Policy will work in close cooperation and consultation with CEQ.

Toxic Substances Control Act (TSCA) (1977)

15 U.S.C. 2603 (e) 2A
The Chairman of CEQ shall appoint one person from the Council to the Interagency Testing Committee, established to make recommendations to the EPA Administrator regarding those chemical substances and mixtures which should be given priority consideration for the promulgation of a testing requirement rule under §2603 (a).

Department of Energy Organization Act (1977)

42 U.S.C. 7265
A representative of CEQ shall be entitled to participate in the deliberations of the Regional Energy Advisory Boards.

National Climate Program Act (1978)

15 U.S.C. 2904
CEQ will have a role in the National Climate Program as defined by the President. The Secretary of Commerce has lead agency responsibility. The Program will assist the Nation and the world in understanding and responding to natural and man-induced climate processes and their implications.

Endangered Species Act Amendments (1978)

16 U.S.C. 1536 (1)
Any agency granted an exemption under subsection (h) must submit to CEQ a report describing its compliance with the necessary mitigation and compliance methods. The reports, which CEQ must publish in the Federal Register, shall be annually submitted until all such measures are completed.

Small Hydroelectric Power Projects (1978)

16 U.S.C. 2705 (b)
CEQ must be consulted prior to the issuance of any licenses under the Federal Power Act.

Health Services and Center's Amendments (1978), As Amended

42 U.S.C. 242b (d)(3)
The 1981 amendment, Pub.L. 97-35, Aug.13, 1981, 95 Stat. 565.

CEQ shall participate in a study of the present and projected health costs of pollution and other environmental conditions resulting from human activity. The report is to be completed not later than 18 months after November 9,1978.

The subject report was to be the forst of ongoing studies. The statute authorized subsequent studies to be made every two years. The 1981 amendment changed the requirement to report every three years.

Energy Security Act (1980)

42 U.S.C. 8902
Establishes a comprehensive program to study the causes and effects of acid rain.

The Council on Environmental Quality shall, in conjunction with other members of the Acid Precipitation Task Force, prepare a research plan and a study identifying the causes and effects of acid rain and methods to ameliorate the harmful effects of acid precipitation. (42 USC 8902)

EXECUTIVE ORDERS:

Executive Orders 11644 and 11989, Off-Road Vehicles on Federal Lands. CEQ has oversight responsibility.

E.O. 12114, Environmental Effects of Major Federal Actions Abroad. CEQ has oversight responsibility. Shared with the Department of State.

Nuclear Waste Policy Act of 1982 (January 7, 1983)

96 Stat. 2201
The Council on Environmental Quality (along with The Environmental Protection Agency, and others) is charged with reviewing guidelines, issued by the Secretary of Energy, for the recommendation of sites for repositories (of high-level radioactive waste and spent nuclear fuel). (42 USC 10132)

The Council on Environmental Quality, and other specified agencies, will comment on Environmental Impact Statements for proposed nuclear waste repository sites. (42 USC 10134)

The Council was also given responsibility, along with other agencies, for reviewing such guidelines as are issued by the Secretary of Energy, for the selection of site for a test and evaluation facility. (42 USC 10193)

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

MAR 09 1990

Honorable Quentin N. Burdick
Chairman, Committee on Environment
  and Public Works
United States Senate
Washington, D. C. 20510-6175

Dear Mr. Chairman:

Thank you for your cosigned letter requesting information on the FY 1991 budget submission for the Economic Development Administration (EDA). As requested, enclosed is a statement discussing the points contained in your letter in addition to major 1989/1990 program accomplishments and initiatives.

In summary, the Administration is proposing the termination of EDA. This proposal is based on the premise that economic development is more appropriately addressed at the local level.

Sincerely,

James L. Perry
Acting Assistant Secretary
for Economic Development

Enclosure

STATEMENT BY THE ACTING ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT FOR THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
FY 1991 BUDGET REVIEW RECORD

Mr. Chairman and Members of the Committee.

Thank you for requesting that I provide this written statement on the 1991 budget request for the Economic Development Administration (EDA). In addition, I would like to highlight 1989-1990 program operations and management initiatives.

FY 1989 PROGRAM OPERATIONS

For 1989, EDA was appropriated $24.7 million in administrative funds, $150.0 million in loan guarantee authority, and $182.0 million in grant funds. Of the latter amount, 12 projects valued at $16.2 million were identified in appropriation language. Of these, five projects totalling $2.9 million were funded, resulting in a net discretionary grant program level of $179.1 million. Six of the remaining seven projects were mandated in the FY 1990 appropriation and will be awarded in FY 1990. Availability of 1989 grant and loan guarantee funding and selection criteria were published in the Federal Register on January 17, 1989.

In the area of Public Works, EDA awarded 198 grants with total project costs of $290.6 million of which the EDA investment was $123.8 million. The average EDA participation rate was 49 percent which is the same as in FY 1988 and a continuing improvement over the 55 percent in FY 1987; the average grant amount was $625 thousand as compared to $604 thousand in FY 1988.

The Economic Adjustment program funded 65 regular projects with a total EDA investment of $22.2 million. Of these amounts, 19 grants for $7.0 million were used to establish new revolving loan funds (RLFs); 9 grants for $3.9 million were used to recapitalize existing RLFs; and 35 grants for $11.3 million were awarded in response to sudden and severe economic dislocations. Of the latter, 18 projects for $752 thousand went for adjustment strategy grants and 17 projects for approximately $10.4 million were for implementation grants. In addition, EDA provided $5 million to the Department of Labor to assist in the immediate cleanup efforts and short-term job dislocations resulting from the destruction caused by Hurricane Hugo last September.

During FY 1989, EDA's Planning program provided 58 grants to Indian organizations, 282 grants to Economic Development Districts, and 38 grants to state and urban areas. This included funding for eight new districts not previously funded. These grants had a total value of $23.0 million. In the Technical Assistance program, 122 grants valued at $6.8 million were awarded including 11 new University Centers, which were funded with monies made available from the graduation program. EDA also funded 14 research projects totalling $1.0 million.

Lastly, EDA awarded two loan guarantees in FY 1989 with a face value of $3.1 million. This marked the first time in three years that EDA had awarded loan guarantees. I might note also that one loan guarantee has been awarded this fiscal year. In the area of debt collection, the Office of Loan Programs collected $46.9 million. Delinquencies were reduced $22.6 million and now constitute $192.8 million or 45 percent of the direct loan portfolio of $422.6 million.

FY 1990 PROGRAM OPERATIONS

For FY 1990, EDA was appropriated $25.4 million in administrative funds, $150.0 million in loan guarantee authority and $188.6 million in economic development grant funds. These amounts are all net of the Gramm-Rudman-Hollings sequestration. As stated earlier, the appropriation language specifically mandates six projects for $11.2 million. EDA has requested that each of these six applicants submit a current application; final award of these projects will occur after review of the grant applications. In fact, one of these six projects, Spindletop in Beaumont, Texas, has been approved already.

HEADQUARTERS POLICY GROUP

One of the management initiatives undertaken in FY 1990 is the establishment of the Headquarters Policy Group (HPG). The primary purpose of the HPG is to review and discuss agencywide policy needs and issues, and to serve as a forum for the development and evaluation of Agency policy in the areas of grants and business finance. A secondary purpose of the HPG is to provide an early oversight policy review of proposed projects that are subject to final approval by the Assistant Secretary. To ensure the success of the HPG, EDA held a first-of-its-kind conference with the purpose of improving all aspects of agency operation, particularly that dealing with the application processes and post-approval monitoring actions. Improvements are defined as: 1) complete and accurate documentation; 2) improved responsiveness and timeliness; 3) elimination of duplicative efforts; 4) streamlined procedures; 5) establishment of quality standards; and 6) improved "pipeline" management of pending applications.

BANK COMMUNITY DEVELOPMENT CORPORATIONS

Last year, EDA began a one-year, outreach and pilot program to inform and assist local communities to utilize a little known private sector tool for economic development. This tool is the Bank Community Development Corporations (CDCs). Bank CDCs are affiliates of commercial banks or bank holding companies. They are allowed to make loans and also equity investments in real estate and businesses for community or economic development. Under regulation by the Federal Reserve System or the Comptroller of the Currency, banks may set up for-profit CDCs to undertake activities such as industrial development, small business investments, and commercial revitalization. The goals of the "Bank CDC Outreach Program" were 1) to promote the use of Bank CDCs for economic development; and 2) to help 5-6 selected communities in a local pilot program to organize and implement their own Bank CDC programs. The results of our program to date are very encouraging.

The promotion part of the program was very successful as information packages on Bank CDCs were mailed in response to over 500 requests from communities and individuals including bankers, public officials, and economic development professionals. The local pilot program was also very successful. To date, six new Bank CDCs have been organized and approved, and four of them have already committed funding to their first ventures. Also, another three communities have their Bank CDC programs organized and their applications are pending submission to the bank regulators for approval.

EDA thinks that the variety of activities of the six approved Bank CDCs in its pilot program is evidence of the potential importance of Bank CDCs and that the use of Bank CDCs should spread dramatically. Each of the new Bank CDCs is very different and could be replicated in dozens of communities for important local economic development projects. The new Bank CDCs were used for a variety of small business equity financing including 'mezzanine' (venture capital) financing for fast growing firms, 'micro' loans (under $50,000) with equity features, subordinate 'incentive' loans to attract new firms to rural areas, and seed capital for downtown commercial revitalization projects. The program will continue through the rest of the year with the distribution of a 25-minute video entitled "Bank CDCs - Better Banks - Better Communities." We will also be distributing copies of a 25 page "How-to" manual entitled "Organizing Bank CDCs for Local Economic Development."

EDA is very pleased with the results to date and is proud of its own "pump-priming" efforts to get this new private sector economic development initiative underway. It should be noted that these CDC's are operating completely with private sector money. No EDA or other Federal funds are involved in their investments which allow these local leaders to utilize these tools as they feel are needed in the interests of their community.

CARE AND PRESERVATION/LIEN

Improvement of grants management is also being legislatively proposed. The Department intends to submit a proposal to enhance the Secretary's authority to take actions necessary to protect the Government's interest in property held in connection with the EDA grant programs.

In recent years, many grant recipients have violated the terms of their grants by leasing or selling facilities that were acquired, built, or improved with grant funds, or have lost ownership of the facilities through foreclosure for failure to pay their debts. EDA has not been able to adequately recoup its grant funds, or to undertake liquidation, foreclosure, or other necessary actions to protect its interests in properties acquired, built, or improved by EDA grant funds.

In the past, EDA has attempted with little or no success to protect its interests by: 1) using grant conditions, and 2) recording covenants or, since 1986, liens. However, neither solution was adequate to discourage grant recipients from misusing facilities paid for with Federal dollars. Before EDA can effectively assert ownership rights in property, a statutory amendment would be needed to enable EDA to expend funds to protect and care for such property, including liquidation, litigation, or any other necessary action.

EDA's authorizing legislation and regulations provide for the Agency to acquire property purchased or improved with EDA loans and loan guarantees, but not for property purchased or improved with grant funds, nor do they make provision to protect and care for such EDA grant-financed properties.

PROPOSED FY 1991 TERMINATION

Although EDA can list limited success in the area of economic development, the cost of maintaining this program cannot be justified in view of today's fiscal constraints and continuing economic prosperity. As such, we are proposing the phaseout of the Economic Development Administration. This phaseout would be conducted over a five-year period beginning with the immediate elimination of all grant funding and loan guarantee authority. Administratively, we would require $20.0 million in FY 1991 to fund 160 end-of-year positions. To attain this level of staffing, the Agency would release some 200 employees during the first quarter of FY 1991. This proposal is based on the premise that local economic development is more appropriately addressed at the local level. In addition, given the continuing Federal deficit, programs such as EDA are an unnecessary use of limited resources.

Mr. Chairman, that concludes my prepared statement for the record. Following is a comparison of the FY 1990 enacted appropriation and the FY 1991 request.

(In thousands of dollars)

Appropriation/Line Item	1990 Enacted		1991 Request		Difference	
	Emp.	Amount	Emp.	Amount	Emp.	Amount
Salaries and expenses..	360	$25,356	160	$20,000	(200)	($5,356)
Economic development assistance programs:						
Planning grants:						
Districts............	...	15,119	...	...	...	(15,119)
States...............	...	1,890	...	...	...	(1,890)
Indians..............	...	2,835	...	...	...	(2,835)
Urban................	...	2,834	...	...	...	(2,834)
subtotal........	...	22,678	...	...	...	...
Technical assistance grants...............	...	6,613	...	...	...	(6,613)
Development grants.....	...	109,830	...	...	...	(109,830)
Economic adjustment grants...............	...	48,242	...	...	...	(48,242)
Research and evaluation	...	1,193	...	...	...	(1,193)
Total, grants...	...	188,556	...	...	...	(188,556)
Grand Total, EDA	360	213,912	160	20,000	...	(193,912)

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

MAR 28 1990

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

Ms. Stephanie Clough
Staff Assistant
Senate Environment and Public
 Works Committee
United States Senate
Washington, D.C. 20510

Dear Stephanie:

Enclosed are EPA's responses to the questions for the record submitted by Senators Burdick, Reid, Chafee, Lieberman, and Breaux, of the Senate Environment and Public Works Committee. As you requested, we are enclosing an original and two copies of each response.

Thank you for your cooperation and assistance during this process. If you need more information or have any questions, please contact Betty Keegan of my staff on 382-4537.

Sincerely,

Richard Brozen

Richard M. Brozen
Director
Budget Division

Enclosures

Printed on Recycled Paper

STATEMENT OF WILLIAM K. REILLY, ADMINISTRATOR

U.S. ENVIRONMENTAL PROTECTION AGENCY

SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE HEARING

ON

THE PRESIDENT'S BUDGET REQUEST FOR 1991

MARCH 7, 1990

Mr. Chairman and members of the Committee: I want to thank the members of the committee for the opportunity to present the President's 1991 Budget Request for the Environmental Protection Agency (EPA). The President's Budget Request contains good news for the environment.

At a time when new money is very hard to come by in the Federal Government, EPA's operating budget will increase by 12 percent if the President gets his request. Our trust funds for Superfund and Leaking Underground Storage Tanks would increase by more than 13 percent.

President Bush means business when he says he is an environmental President. Over the last two years, the Agency's budget for Operating Programs and Trust Funds will have increased by more than $600 million and our workforce by almost 2,000 workyears.

Today, we face a multitude of environmental problems -- local, regional, national and global. Many of these on occasion seem overwhelming. Yet we live at a time of renewed commitment to solving our environmental problems. Concern for the environment is probably at its highest level in history, in this country, around the world, in the public sector and in the private sector. This is why the increase in President Bush's EPA budget request is so significant. We will put the funds to good use.

We have before us a unique opportunity to set the direction and the pace of environmental protection, for this decade of the 1990s and well on into the 21st century. It is critical that we take advantage of this opportunity. The President's Budget request provides the resources we need to meet the challenge.

The Fiscal Year 1991 Budget Request represents my first full budget as Administrator of EPA. As such, it reflects the results of a careful review by myself and my top managers of the Agency's programs and priorities. As part of this process, my Deputy Administrator Hank Habicht and I started a strategic planning process within the Agency. We will use this process as a guide to focusing our attention on reducing the greatest risks to public health and the environment and to preventing pollution before it becomes a problem.

In addition, our budget recognizes the important international role that EPA must play in solving today's global environmental problems. We will work to strengthen our bilateral and multilateral agreements, and improve the international dialogue on Global Climate change.

OVERVIEW

Let me now turn to the budget. The request for our **Operating Programs** totals **$2.17 billion**, an increase of $230 million or 12%. We are also requesting **13,204 workyears**. Our Operating Programs are the foundation of this Agency. They write permits, monitor conditions, and support in-house science that underlie the Agency's effectiveness. Adequate funding for the Operating Programs has been one of my highest priorities.

For our Superfund program, we are requesting **$1.74 billion**, an increase of $210 million or 14%. We are also requesting **3,467 workyears**. The Superfund request provides the resource levels needed to implement the President's initiative in "Building A Better America" by supporting an "enforcement first" approach to Superfund.

The Superfund request level will also enable the Agency to implement the recommendations made to me in the Superfund 90-day Management Review. As a component of our strengthened enforcement program, we project our receipts to increase 65% over FY 1990 in the critical area of financial recoveries and fines. In addition, in 1989, we achieved over $1 billion in settlements with private parties.

In the **Construction Grants** Program we are requesting **$1.6 billion** to accelerate our capitalization of State Revolving Funds. This request will provide a solid foundation for financially secure State Revolving Funds. The States can leverage this capital to provide support for their facility needs. In our Construction Grants request, we are asking for almost $16 million for a special project to help solve a long standing international pollution problem between the United States and Mexico--that's sewage treatment for Tijuana. This is the first request by any President for funds to build a joint U.S.-Mexican sewage treatment plant to solve this problem.

Our FY 1991 Budget Request lays out a number of themes and priorities where we want to see progress over the next several years.

Pollution Prevention

First, Pollution Prevention. We have made enormous progress in the last 20 years in abating pollution. Most major point sources are now under some control.

As we move into the 1990s, however, our strategy for reducing environmental and health risks must evolve to meet new circumstances.

- We are now faced with trying to control pollutants from large numbers of widely scattered sources.

- Many of our current environmental problems, such as indoor air pollution and ground-level ozone, are linked to thousands--if not millions--of small sources of pollution.
- Our traditional approaches to pollution control are no longer sufficient by themselves to do the job.

If we are to succeed in our mission, pollution needs to be prevented before it becomes a problem. Pollution prevention is one of this Administration's highest priorities, and it is a critical new arena for this Agency. We have already begun the job of infusing in all our programs the philosophy of pollution prevention.

A major goal of this Agency is to promote waste reduction and recycling. Reducing wastes often means greater efficiency in production and avoids the dramatically higher costs -- as evidenced by Superfund -- of later cleaning up and restoring damaged resources. Pollution prevention and recycling will create new markets and new technologies, and should help contain the skyrocketing costs of disposal.

The Agency is making a substantial investment in Pollution Prevention activities. Our request is structured to favor private market incentives and to strengthen State and local capabilities wherever possible. We want to identify options, support demonstration projects, disseminate information, and provide technical assistance.

Enforcement

Another top priority in our budget is Enforcement. Strong, vigorous enforcement of our Nation's environmental laws is the key to EPA's credibility. It is vital to our regulatory functions.

In the past year we have made important progress, setting or approaching record levels in virtually every area of enforcement.

For Example:

- the Agency referred 62 criminal cases to the Department of Justice for prosecution.
- Penalties assessed against violators totalled $42.8 million.
- Active consent decrees reached 588.

- All record high levels for the Agency

We must keep the pressure on. This budget request serves notice that President Bush and EPA are committed to sustained, tough, predictable enforcement of the Nation's environmental laws.

Our experience with Superfund and other programs indicates that strong enforcement ensures better results. It is a fundamental element of the Agency's program and credibility. In just the last two years, our staff has increased by almost 1,000 people devoted to enforcement. The Agency's total budget request for enforcement activities will be $418.5 million and 4,242 workyears. This represents an increase of more than 20% in the dollars available for enforcement.

Hazardous Waste Enforcement will increase by $18.6 million and 95 workyears. This will significantly strengthen the Agency's oversight of cleanups at operating hazardous waste management facilities.

In Superfund, the Agency will even more aggressively pursue enforcement of toxic waste cleanups by responsible parties. (This was one of the results of my 90-day management review.) We have already made a substantial commitment by proposing this past year to use $75 million and to hire 500 new people to support increased enforcement and related activities implementing the Superfund Management Review recommendations.

The Agency will increase enforcement activities under the 1988 Amendments to the Federal Insecticide, Fungicide, and Rodenticide Act. Additional resources will help us develop and implement policies, strategies, regulations, and enforcement cases and carry out other responsibilities.

Clean Air Act

Passage of the Clean Air Act Amendments is one of President Bush's top legislative priorities. In July 1989, the President sent to Congress a comprehensive legislative package, "The Clean Air Act Amendments of 1989." Last week, under the leadership of Senators Mitchell and Dole, a group of Senators and Administration officials negotiated a bipartisan compromise bill that offers a real chance of getting a Clean Air bill this year. This represents a historic milestone. Since enactment of new legislation appears likely during this Congressional session, our 1991 budget requests the resources needed to implement the President's bill.

The President is requesting an additional .$82.5 million and 247 workyears for the Agency to implement the legislation. These resources will support numerous activities. An increase of $21.5 million is provided for regulatory and guidelines development and technical assistance to the States. In addition, an increase of $9.2 million will be targeted to the mobile source program, including an innovative clean fuels program. The largest area in the Clean Air program is State Grants. In total, $38 million goes to the States in grant money to implement the new legislation.

Critical Habitats

We must vigorously renew our commitment to maintaining the Country's ecological heritage and preserving our natural resources. The FY 1991 request strengthens this Agency's commitment.

The President's budget requests $111 million to increase significantly protection of fragile coastal areas and estuaries, and to provide additional resources as we develop the President's policy of "no net loss" of wetlands. Increases will support the development and implementation of strategies and demonstration projects and fund technology transfer activities for the Chesapeake Bay, Gulf of Mexico, and Great Lakes programs.

Priorities in the Chesapeake Bay program will focus on nonpoint source control projects for the States of Maryland, Pennsylvania, Virginia, and the District of Columbia. Emphasis in the Great Lakes program will continue to focus on Remedial Action Plans.

State Capacity

Another top priority is building State Capacity. The President's Budget recognizes the essential role that federal assistance plays in building the capacity of States to assume critical roles in implementing the Nation's environmental programs. The Agency's total budget request for State Capacity building activities is approximately $644.8 million and 1,415 workyears.

As I have previously stated, the President's Request provides an additional $38.5 million to support State efforts in clean air . This program will support training of State and local personnel, implementation of State permit programs, further development of monitoring networks, and preparation of new State Implementation Plans.

The President's Request also includes for the first time $14.3 million in grant funds for nonpoint source pollution prevention and control programs. Wetlands Implementation Grants will enhance State and Indian tribes wetlands protection activities.

We are also requesting more resources for a Pesticides and Toxic Substances Initiative to strengthen programs in our regional offices related to pesticides in ground-water, farmworker safety, endangered species, PCB removal and disposal, and asbestos abatement activities.

In the waste area, we have a $20 million increase in RCRA hazardous waste capacity-building grant programs because of the permitting load and the enforcement and corrective action load, which is growing. The States will carry about 80 percent of the permitting load under RCRA which is growing dramatically through 1992.

Science

The 1991 President's Budget Request includes $449.6 million and 1,891 workyears [illegible] research and development activities, an increase of $25.1 million and 11 workyears over 1990.

The array of environmental issues with which we must deal is broadening dramatically. To repond, we must bring together research and data with regard to broad impacts of human activity on ecological systems and on human health. Long-term research is going to be increasingly important. An increase of $23 million will improve the Agency's long-term research capability.

Funding for academic research grants and centers will increase by $11.8 million. An increase of $1.7 million will strengthen basic research on health risks, primarily by establishing a new Center on Environmental Epidemiology. Our ecological monitoring and assessment program will increase. Finally, $2.6 million is included to ensure that in the future state-of-the-art science is available to guide environmental decision-making.

In FY 1991, we will significantly expand our research to support the federal integrated program on climate change. We will be doing our part in the context of the substantial administration increase in the FY 1991 budget for Global Climate research. Increases will support enhanced research on: natural air emissions inventories; near-coastal ecosystems effects; effects to U.S. fishing beds and species; and analyses of sources and sinks of important trace gases.

Yet, even as we acknowledge the need for long-term research, we cannot neglect our short-term research, which is critical in supporting EPA's regulatory programs. We will also begin to undertake some new research initiatives required by the President's Clean Air Act Amendments, including acid rain, urban air pollution, and toxic air pollution. Other continued clean air research will include alternative fuels, acid aerosols, emissions inventory methodologies, and regional ozone models around major cities.

A $1 million increase in resources will focus on assessing cleanup technologies and effects on ecosystems from oil spills. In addition, we will be accelerating our research activities on wetlands, and on the environmental effects of genetically engineered materials.

In conclusion, let me say that the President's Budget Request for EPA represents a significant commitment by this Administration to ensure that the public is protected from the most serious environmental threats, now and in the future.

This year the Environmental Protection Agency will celebrate its 20th birthday. We will also celebrate the 20th anniversary of Earth Day, which was first held on April 22, 1970. As we prepare to observe these anniversaries, it is appropriate that we renew our commitment to the environment and to the important mission of EPA in protecting and improving it.

Mr. Chairman, I will do my best to answer any questions you and other members of the Committee may have. Thank you.

Questions Submitted for the Record by Senator Chafee

NEW HEADQUARTERS FACILITY

Question: You note in the budget request that EPA is directing major efforts toward finding suitable headquarters space in the National Capital Region. What is the status of negotiations with GSA on site location? I know from the very start of the negotiation process that you were interested in acquiring a facility on the leading edge of technology regarding energy efficiency and quality indoor air. Do you expect such features to be a part of the agreed upon facility? How will such technology be financed?

Answer: Discussions between EPA and GSA as to whether to consider public or private land options within Washington, D.C. continue, with public land options focusing on the Southeast Federal Center. EPA does not want site considerations to be limited, and would like to see attractive private land opportunities explored. We believe that this approach is economically sound given "soft" market conditions in Washington, D.C.

With regard to technological considerations, we place a high priority on a facility which can accommodate changes in technology, offering flexibility and growth, with minimal expenditure over the life of the facility. We have spent considerable time analyzing our current and future requirements. An entire section of our pre-design requirement report is devoted to important environmental considerations in an effort to avoid such problems as radon, asbestos, lead-in-drinking water, poor indoor air quality, and biological contaminants in ventilation systems. The irony of having these problems in current EPA offices has not been missed by EPA employees or the media. We plan to take advantage of our opportunity to acquire quality office space which will serve as a model for healthful working conditions for all federal employees.

We do, therefore, expect technological and environmental features to be part of our new facility. Unfortunately, many of these features are not included in GSA's list as "standard." As a general rule, GSA's position has been to exclude above standard items from the amortized cost of buildings. Instead, these are paid for by the client agency, up front, in one large payment.

CONSTRUCTION GRANTS

Question: I am particularly concerned with EPA's $1.6 billion funding request to capitalize state revolving funds for sewage treatment construction. The request is $392 million less than FY 90's appropriation and $800 million less than the $2.4 billion agreed upon as part of the amendments to the Clean Water Act. Doesn't this request endanger EPA's ability to implement the Clean Water Act effectively?

Answer: The Water Quality Act of 1987 reauthorized the construction grants program but also provided for its eventual phaseout. Construction grants were authorized through 1990 and capitalization grants for state revolving loan funds (SRFs) were authorized through 1994, with total authorized funding set at $18 billion. The 1991 request represents a recognition of the importance of building adequately capitalized SRFs and is sufficient to meet highest priority needs while considering deficit reduction objectives.

NONPOINT SOURCE

Question: Nonpoint source water pollution has become an increasing problem in both rural and urban areas. Even with tighter controls on point sources, pollution from urban runoff still leaves many of our lakes, streams, rivers, and wetlands polluted. How can the agency justify a 60% reduction in state nonpoint source management grants?

Answer: EPA and the States recognize that nonpoint source (NPS) pollution is one of the major remaining water pollution control challenges in the country. Tackling this challenge effectively will require increased efforts at all levels of government and in the private sector.

Congress appropriated $40 million for Section 319 implementation funding in FY 1990. Awarding this money to serve as seed money will help energize State implementation of controls for their most pressing NPS needs. In FY 1991, EPA is requesting $15 million. This is the first time the Administration has requested funding for Section 319. These funds will go toward demonstrating innovative and broadly applicable approaches for solving NPS pollution problems.

States are required, by law, to contribute at least 40% to the cost of implementing nonpoint source programs, thereby increasing the overall amount of revenues available to implement Section 319 programs. Many States have far surpassed this requirement, and have established well-funded State programs for nonpoint source control.

In addition, it should be noted that the funds that EPA is requesting under Section 319 for FY 1991 are only one portion of the total Federal resources that will be directed to address nonpoint sources of water pollution. EPA is also requesting an increase of 14 workyears and $1,454,900 in the Water Quality Management Program. The increase will support expanded efforts in the nonpoint source pollution prevention and control program. Again, this is the first Administration request in support of expanded EPA resources to address NPS pollution.

POLLUTION PREVENTION

Question: One of the Administration's highest priorities is preventing pollution before it becomes a problem. Yet, I note a $5 million decrease in the pollution prevention grants program. How does this reduction fit into EPA's overall pollution prevention strategy?

Answer: The State Grants program continues to be one of the major thrusts of the Agency's pollution prevention activities. A main objective of the Office of Pollution Prevention is to increase State and local capacities to design and implement cross-media pollution prevention programs and encourage the States to work directly with companies and municipalities to prevent pollution. Currently we are administering 14 grants totaling approximately $3,925,450 for 13 state agencies and one interstate organization. These grants are for the initiation or expansion of state pollution prevention programs. In FY 90, EPA requested $3 million for pollution prevention state grants. An additional $4 million in the form of a Congressional add-on gave EPA a total of $7 million (before sequestration and Section 517 reductions) for these grants. $3 million in state grant funds were carried over from FY 89, enlarging the available pot of funds and thereby encouraging more competition and a greater variety of proposals. This means the grant program has approximately $10 million available in FY 90. As of this date, we are recommending funding for an additional 25 state agencies to be used for the expansion or establishment of programs and the performance of demonstration projects. This funding will total approximately $6.8 million.

The request for FY 91 is $3 million, the same amount as requested in FY 90. Given the recommendation to award $6.8 million in this fiscal year, approximately $3.2 million will be available to carry over in FY 91, ensuring a significant sum for another national competition. We anticipate a third round of grants beginning in summer or early fall, with awards made in the first half of FY 91.

FY 1991 ENFORCEMENT PRIORITIES

Question: The Administration's budget request includes over $400 million for stepped-up enforcement activity. Please outline your enforcement priorities and where the budget increase will be allocated. What are the Agency's enforcement objectives going forward?

Answer: The FY 1991 request reflects both the increase in program-specific enforcement activity by Headquarters and Regional offices and the additional emphasis on specific components of the overall enforcement program.

The Agency is completing development of its enforcement strategic plan which lays out the direction of the program over the next five years. The overall strategy is to emphasize environmental impacts and results in monitoring and case selection priorities by focusing inspection targeting, case screening, and special initiatives. The FY 1991 budget reflects additional support for these capabilities, such as expanding the criminal enforcement program, as well as linking the Agency's program compliance data systems to facilitate a targeted within-media and multi-media capability.

Some of EPA's major program-specific enforcement priorities for which additional activity is anticipated in FY 1991 are discussed below:

AIR PROGRAMS

Stationary Sources: FY 1991 enforcement priorities include: addressing nonattainment areas, with particular emphasis on volatile organic compounds (VOCs); inspections and enforcement of the chlorofloro carbon (CFC) program; expanding the air toxics (NESHAPS) enforcement program for asbestos, benzene and radionuclides; and enhancing State enforcement oversight.

Mobile Sources: FY 1991 enforcement priorities include fuel volatility, fuel additives, inspection and maintenance (I&M) programs, tampering, warranties, aftermarket catalytic converters, lead phasedown, recalls and in-use audits of heavy-duty engines, enforcement audits of light-duty vehicles, investigations of independent commercial importers, and high-altitude testing.

WATER PROGRAMS

NPDES Program: FY 1991 enforcement priorities will continue to be monitoring and enforcing requirements in National Pollutant Discharge Elimination System (NPDES) permits designed to control the release of pollutants to surface waters. Municipal Enforcement will focus on those publically owned treatment works (POTWs) that have completed construction but are still in significant noncompliance with final effluent limits, while the Municipal Water Prevention Program (MWPP) assesses and prevents future problems at POTWs which are in compliance. A continuing priority in FY 1991 is the emphasis on inspection and compliance assessment efforts to control toxic pollutants and whole effluent toxicity. Other FY 1991 priorities include enforcement against POTWs which fail to meet requirements for approved pretreatment programs; enforcement against industrial users where EPA is the control authority; and addressing significant noncompliance problems in near coastal areas. The program will be expanding the quality assurance program to ensure the integrity of the NPDES self-monitoring program; along with maintenance of monitoring and compliance data in the existing data management system (Permit Compliance System) and enhancement of system capabilities. Also EPA will publish regulations to collect NPDES permit fees in non-delegated states.

Wetlands Protection Program: In FY 1991 EPA will use the various Clean Water Act enforcement mechanisms -- administrative, civil, and criminal judicial actions -- to target its Section 404 enforcement efforts against unpermitted discharges into wetlands. Also, the Agency is proposing to commence a Wetlands Enforcement Initiative comprising of administrative and judicial enforcement actions during FY 1990 . EPA will be working with the Army Corps of Engineers and the Department of Justice to develop a scheme for implementing the initiative.

Marine and Estuarine Program: In FY 1991 this program will continue to work with the U.S. Coast Guard to oversee compliance of enforcement agreements with the municipalities dumping sewage sludge at the 106 mile site. The program will also assess data sources on permittees and possible permit violations under the Marine Protection, Research, and Sanctuaries Act (MPRSA), and pursue several projects with the Office of Solid Waste and Emergency Response (OSWER) related to medical waste tracking and enforcement.

Underground Injection Control Program: Continuing priorities in FY 1991 are the targeting of Class IV wells and Class V miscellaneous wells whose injection practices pose a substantial threat to underground sources of drinking water. In addition, priority enforcement actions will involve unpermitted activities, mechanical integrity violations, and violations of the land ban involving Class I waste disposal injection wells.

Public Water Systems: A FY 1991 enforcement priority will be to assure compliance with new National Primary Drinking Water Regulations for "high risk" contaminants (pathogenic microorganisms). Another FY 1991 enforcement priority will be to address serious violations of the volatile organic contaminants standard and revised public notice requirements. In FY 1991, approximately 78,000 small community and non-transient systems must measure their initial compliance status.

WASTE PROGRAMS

CERCLA Program: FY 1991 enforcement priority activities will continue to emphasize the implementation of the enforcement approach outlined in the 1989 Superfund Management Review. Specific priority activities will include initiating more and faster PRP searches in order to obtain additional PRP-conducted RI/FS and PRP response agreements at sites with completed RI/FS; overseeing the conduct of PRP response actions; issuing unilateral administrative orders and, if necessary, referring additional CERCLA 106 actions where settlements are not reached; referring additional cost recovery cases when the site remedial design is completed, and speeding up the pace of cost recovery.

RCRA Program: FY 1991 enforcement priorities will continue to be focused on significant violations involving: handlers presenting an immediate threat to human health or the environment; government owned or operated facilities; commercial treatment, storage or disposal facilities (TSDs) receiving CERCLA cleanup wastes; land disposal facilities; land disposal restrictions; compliance/enforcement activities involving newly regulated RCRA wastes (e.g., handlers of toxicity characteristic wastes, newly listed wastes, mixed wastes, and burners and blenders); and enforcement of export requirements

A major element of the program for which additional funds have also been requested in FY 1991 is corrective action, with particular emphasis on setting oversight priorities and overseeing owner/operator corrective action activities. The Environmental Priorities Initiative (EPI) approach will assure that those sites which represent the worst threat to the environment and human health are identified first.

Underground Storage Tank Program: This enforcement program will continue to place a priority on providing technical support, assistance, and oversight for States to develop their own enforcement programs. Nonetheless, direct Federal enforcement will be provided, when necessary, to secure cleanup by recalcitrant owners or operators.

TOXICS AND PESTICIDES PROGRAMS

Toxic Substances Control Programs: The PCB control program in FY 1991 will continue to emphasize compliance by permitted disposal sites, intermediate handlers and brokers, enforcement of the new PCB manifesting regulations, and monitoring the cleanup of PCB-contaminated natural gas pipelines such as Texas Eastern. Asbestos compliance monitoring and enforcement efforts will focus on the development of Regional/State Asbestos Hazard Emergency Response Act (AHERA) compliance plans, compliance monitoring inspections at Local Education Agencies (LEAs) and monitoring compliance with the asbestos ban and phaseout requirements. Additional grant support will be given to help States develop their enforcement authorities in the PCB and asbestos areas. Section 313 (Community-Right-to-

Know) activity will emphasize the submission and accuracy of required data, the use of the data to target inspections and identifying opportunities to reduce and prevent pollution, and will coordinate with States on the availability of the Toxic Release Inventory (TRI) data. The Premanufacture Notification (PMN) program will continue to be a priority in FY 1991 to assure assessment of risk from new chemicals before they enter the stream of commerce.

Pesticides Program: A major enforcement program priority in FY 1991 will be the tracking and enforcement of pesticide registration requirements. Additional FY 1991 priorities include compliance with worker protection, container disposal under the FY 1988 FIFRA Amendments, groundwater protection, endangered species requirements, and enforcement actions against pesticide exporters. Continuing enforcement priorities will be adherence to Good Laboratory Practices (GLP) requirements and requiring proper data submissions to determine risks.

WETLANDS

Question: I applaud EPA for requesting a significant increase in funds supporting important wetlands protection programs. Your request states that implementation of the recommendations of the Domestic Policy Council Wetlands Task Force will be one of your highest priorities. Does that mean that we can expect that recommendations towards achieving "no net loss" will be forthcoming within the year? What do you expect the Task Force to accomplish this year?

Answer: The White House issued a press release on January 19, 1990 stating that the wetlands task force will provide recommendations to the President in "late 1990." The recommendations are to include revisions to Executive Order (E.O.) 11990 on the protection of wetlands and other recommendations to achieve the goal of no net loss.

The press release also states that the task force will work through interagency groups to address issues such as: the scope and meaning of no net loss; specific E.O. language required to ensure that federal policies assist in achieving the goal; role of state and local governments, and private conservation groups; role of market-based incentives; and mitigation of wetland loss through replacement.

Finally, the press release indicated that the task force will hold public meetings around the country to solicit views on appropriate strategies to achieve no net loss.

WETLANDS MOA WITH CORPS OF ENGINEERS

Question: I am pleased that the EPA and the Army Corps of Engineers were, at long last, able to sign a Memorandum of Agreement (MOA) on wetlands mitigation as discrepancies between the two agencies' interpretation of this policy have increased frustration with the wetlands regulatory program. I am, however, concerned with the potential effect of some of the changes incorporated into the final Agreement.

a. The process of "sequencing" -- avoiding and minimizing wetlands impacts related to projects -- is of critical importance. And, the Section 404(b)(1) Guidelines require permit applications to avoid adversely affecting wetlands if there is a practicable alternative and to take "appropriate and practicable steps" to minimize potential adverse impacts on the aquatic ecosystem.

Footnote 7 of the MOA states that this sequencing process may be "impracticable" in areas with a high proportion of wetlands. Am I correct in stating that this footnote must be interpreted rather narrowly in order to fall within the parameters of the existing Section 404(b)(1) Guidelines?

Answer: Footnote 7 of the Mitigation MOA merely recognizes that avoidance, minimization and compensatory mitigation may not be practicable where there is a high proportion of wetlands. In all cases, the determination of what is "practicable" must be made in compliance with the definition of "practicable" found in the Section 404(b)(1) Guidelines (i.e., "...available and capable of being done after taking into consideration cost, existing technology, and logistics in light of overall project purposes"). The burden of proof to demonstrate that no practicable alternatives are available or that minimization or compensation measures are not practicable does not vary, nor does the scope of the analysis, with the part of the country where the proposed discharge is located or the proportion of wetlands in that part of the country.

Permit reviews in the areas described in the footnote are not exempted from the Section 404(b)(1) Guidelines. However, the footnote is intended to recognize the fact that where there is a high proportion of wetlands, as on the North Slope of Alaska, it may not be possible to avoid wetlands, or the uplands may be more valuable than a created wetland on an upland. Nevertheless, even if it is determined in a particular case that there are in fact no practicable upland alternatives, avoidance and minimization of impacts can often still occur, for example by altering an alignment to avoid more valuable wetlands or to have less extensive impacts. Of course, in areas where there are many wetlands, opportunities for wetlands restoration may be plentiful, even if opportunities for wetlands creation are not.

Question: b. The final MOA also states that it may be appropriate to deviate from sequencing for projects which result in "insignificant environmental losses." I do not believe this term is defined in the Clean Water Act or EPA's regulations. What will EPA consider an "insignificant environmental loss?" Will you be giving additional guidance to field personnel on this particular issue?

Answer: The Mitigation MOA allows for a deviation from the mitigation sequence when EPA and the Corps agree that the proposed discharge would result in insignificant environmental losses. Although the Mitigation MOA does not provide an explicit definition of "insignificant environmental losses," it is our intent that this deviation be applicable only when reviewing the most minor and routine permit applications (i.e., those proposed discharges which are without any potential for adverse impacts to the aquatic environment). At this time, we do not intend to provide additional formal guidance to EPA Regional staff regarding this matter. However, we will closely monitor implementation of the Mitigation MOA and issue supplemental guidance, if necessary.

Question: c. Based on the guidance contained in the final MOA, do you anticipate that a significant number of permits will be granted that will not be subject to the sequencing requirement, the requirement that is really at the heart of your Section 404(b)(1) Guidelines?

Answer: The Mitigation MOA does provide some flexibility in the application of the mitigation sequence in narrowly defined circumstances. However, due to the limited design of these circumstances (e.g., where EPA and the Corps agree that the discharge is necessary to avoid environmental harm or the discharge will result in environmental gain or insignificant environmental losses), we expect that the vast majority of permit applications will be reviewed without deviation from the mitigation sequence outlined in the MOA.

WETLANDS - STATE INVOLVEMENT

Question: Your FY 91 budget states: "Increased funding assistance will be provided for States to encourage State program assumption and development of State comprehensive wetlands protection plans." Please expound on this. Will you specifically be encouraging States to take advantage of Section 404(g) which establishes a process through which States may administer their own individual and general permit programs? What are examples of State wetlands protection initiatives which have received wetlands grants during FY 90?

Answer: Assumption of the Section 404 program under 404(g) is one of the avenues that we encourage States to consider, but we do not view it as the only option. Several States have studied the feasibility of assumption in the past and some additional states are considering it now. Thus far Michigan is the only State that has assumed the program. While we continue to support assumption by interested and qualified States, we do not want to restrict the grants program to 404 assumption. Rather, we view the development and enhancement of State wetland protection capacity as a varied process depending on each State's existing and potential programs. We are advocating that States establish a goal of no overall net loss of wetlands in the near term, and an increase in the quantity and quality of wetlands in the longer term, but we will consider a variety of specific approaches to attain such a goal. Examples of approaches include developing, expanding or strengthening a State regulatory program, enhancing the State's Section 401 water quality certification program, developing State wetland acquisition programs, and integration of wetlands protection into existing State water quality programs. In the regulatory arena, once a State has developed a strong wetlands protection program there are methods of integrating the program with the Federal Section 404 program. These include joint processing of permits and issuance of general permits in areas where the State regulatory program can ensure that individual and cumulative impacts will be minimal and that there will be full compliance with the protections afforded by the Section 404(b)(1) guidelines.

The grant proposals for FY 90 have just been received by the EPA Regions. We do not have a comprehensive list of projects available yet, but there is great interest among the States and a broad range of proposed projects. Examples of grant proposals include: 1) enhancing the State's Section 401 water quality certification program to more effectively protect wetlands, 2) establishing a state wetlands conservation plan as envisioned by the National Wetlands Policy Forum, or some components of such a plan, and 3) developing information for a Geographic Information System that will assist the State in monitoring a goal of no net loss. This is but a sampling of the proposals. There will be far greater demand for funding than EPA will be able to provide in FY 90.

WETLANDS RESTORATION

Question: In response to some questions on wetlands restoration research recently answered by Erich Bretthauer, he states that EPA's "ultimate goal...is to develop regionalized criteria for wetlands creation and restoration [and] standards for wetland construction and restoration." How far off is this goal?

Answer: In response to the degradation of the nation's wetlands resources, EPA's Office of Research and Development in cooperation with its Office of Water and the Regions began to conduct research on wetlands in FY 1985. The objectives of wetlands research are to: (1) study the procedures for wetlands mitigation; (2) assess the cumulative impacts of wetlands loss; and (3) determine the relationship between water quality and wetlands.

The goals of the first objective, which is most related to wetland creation, are to: (a) improve methods of enhancing wetland habitat values, improve methods of restoring disturbed wetlands and develop methods for creating wetlands; (b) determine if projects proposed as mitigation for dredge/fill activities in wetlands are likely to mitigate losses; and (c) provide guidance for the design of effective mitigation projects. A two-volume report from this research area, "Wetland Creation and Restoration: The Status of the Science" was published in October, 1989. A final project report, "Final Handbook on Mitigation," is scheduled for March, 1991.

Question: How much does the Agency know already about the functional success of wetlands creation and restoration projects?

Answer: The 1989 report "Wetland Creation and Restoration: The Status of the Science" describes current scientific knowledge involved with wetland creation and restoration. With regard to the degree of success of created wetlands, the Report concludes: (1) restoration or creation of a wetland that "totally duplicates" a naturally-occurring wetland is impossible, however, some systems may be approximated and individual wetland functions may be restored or created; (2) partial project failures are common; (3) success varies with the type of wetland and target functions including the requirements of target species; (4) the ability to restore or create particular wetland functions varies by function; (5) long term success may be quite different from short term success; (6) long term success depends upon the ability to assess, recreate, and manipulate hydrology; (7) success often depends upon the long term ability to manage, protect, and manipulate wetlands and adjacent buffer areas; (8) success depends upon expertise in project design and upon careful project supervision; and (9) "cook book" approaches for wetland restoration or creation will likely be only partially successful.

Question: What kind of resources, time-frame, and types of research projects does the Agency have planned in order to better ensure the success of wetlands mitigation efforts?

Answer: EPA's wetlands research program has been funded at approximately $1 million per year since 1985. For FY 1991 the Agency is requesting $2.1 million for this research. Major products scheduled for delivery in FY 1991 include:

1) development of a mitigation tracking and accounting system to describe trends and patterns in Section 404 permitting,

2) recommended standards and criteria for wetland creation and restoration, and

3) development of standard methods to describe and evaluate natural and created wetlands.

The objective of the Agency's wetlands research in FY 1991 and future years is to generate the scientific information and technologies needed to implement the Administration's goal of "no net loss" of wetlands.

FEDERAL WETLANDS MANUAL

Question: Early in 1989, EPA joined the Corps, the Fish and Wildlife Service and the Soil Conservation Service in adopting a "Federal Manual for Identifying and Delineating Jurisdictional Wetlands" (Federal Manual). I believe there has been some confusion regarding the scope of the manual, and the wetland areas defined therein. For the record, could you explain the genesis and the effect of the manual?

Answer: The manual to which you refer supersedes independent methods previously used by different Federal 404 agencies. For regulation under Section 404 of the Clean Water Act, EPA and the Corps had separate manuals prior to the agreement on the Federal Manual. The genesis of the Federal Manual was a recognition by EPA and the Corps in 1988 that the advantages of a single methodology were so significant that negotiations on it should be a priority, despite the difficulties that were anticipated in reaching the objective. EPA and the Corps decided to ask the Fish and Wildlife Service and the Soil Conservation Service to join in the discussions, because of the desirability of having all four agencies agree to one method for both Section 404 and Food Security Act programs, including "Swampbusters." The agencies participated in facilitated negotiations on the Manual, with the Conservation Foundation providing the facilitators. The process was successful, and on January 10, 1989, the four agencies signed the Joint Manual.

The Federal Manual, like its predecessors, bases wetland determinations on the kind of soils, vegetation and hydrology found on a site. The way that these factors are evaluated in the new manual is based on years of experience by many agency scientists. As a result, the Federal Manual reiterates and unifies much of what had already been established. Therefore, the use of the Federal Manual will, in the great majority of instances, result in jurisdictional determinations similar to those that would have been obtained with proper application of either the previous Corps of Engineers or EPA methods.

This is not to say that no changes in the extent of federal jurisdiction have occurred as a result of implementing the Federal Manual. They have, largely because its use is mandatory. Prior to its adoption agency field units had discretion to use their agency's method or other methods if they preferred. In those parts of the country where field units exercised this latitude and applied very different methods, the new Manual is resulting in some substantial changes in the scope of jurisdiction. We feel these are necessary to ensure consistent and equitable application of the definition of wetlands nationwide. Thus, we believe the joint manual is a significant step forward, as it will further assure consistency and repeatability in wetland jurisdictional decisionmaking, which the regulated sector has sought for a long time.

MOA ON SECTION 404

Question: Last year, EPA also signed a Memorandum of Agreement concerning federal enforcement of the Section 404 regulatory program. What effect has the enforcement MOA had on your operations? Since signing the Agreement on enforcement, have enforcement initiatives and assessment of penalties for permit violations and unpermitted discharges increased?

Answer: To date, the Section 404 Enforcement MOA has resulted in more efficient and effective implementation of EPA and Corps Section 404 enforcement authorities by allocating enforcement responsibilities between the two agencies. EPA is given the opportunity under the MOA to take the enforcement lead for unpermitted discharges which are by repeat violators; are flagrant; are requested by EPA (by case or class of cases); where an administrative penalty may be appropriate; and for Corps permit violations where the Corps has indicated it will not take the case. The Corps is given the opportunity under the MOA to take the enforcement lead on Corps-issued permit violations; unpermitted discharge not identified above; and unpermitted discharges identified above where EPA has indicated that it will not pursue the case. As a result of this clear allocation of enforcement responsibilities, it is now unlikely that both EPA and the Corps will each be conducting independent - and thus inefficient - investigations of the same alleged violator.

Equally significant, the MOA directs the Corps not to accept applications for after-the-fact (ATF) permits until an enforcement action has been resolved, as determined by the lead enforcement agency. Therefore, where EPA is the lead enforcement agency, it is given the opportunity to determine whether the illegal discharge should be removed before the Corps is allowed to accept an ATF permit application. In addition to the direct environmental benefits, as a result of this provision of the MOA, cases which EPA determines are appropriate for referral to the Department of Justice are no longer compromised by the inadvertent issuance of an ATF permit.

As indicated above, EPA is focusing its limited resources on enforcement against unpermitted discharges. The Agency has initiated an increasing number of enforcement actions against unpermitted discharges since the signing of the Enforcement MOA. In FY 1988, the EPA Regions issued 93 Section 309(a) administrative compliance orders (AOs) and 15 Section 309(g) administrative penalty complaints, and referred 11 cases to the Department of Justice (DOJ) for litigation. In FY 1989, the Regions issued 113 AOs, 17 administrative penalty complaints, and 22 referrals to DOJ. Also in FY 1989, the Regions resolved 13 administrative penalty actions and 11 judicial actions.

Questions Submitted for the Record by Senator Burdick

ASBESTOS IN SCHOOLS

Question: The authorization under the Asbestos Schools Hazard Abatement Act for the grant and loan program expires this year and the Committee will be considering an extension in the near future.

Why isn't there any funding for the asbestos grant and loan program in the fiscal year 1991 budget, and what is EPA's position on reauthorization of loans and grants?

Answer: The Administration has consistently maintained that asbestos abatement in schools is primarily a state and local concern, rather than that of the federal government, and that past federal funding has addressed the most serious instances of asbestos hazards in schools.

In the face of high costs to local school districts for asbestos abatement, however, the Congress has appropriated more than $245 million for loans and grants to local education agencies (LEAs) over a period of several years. EPA has administered this program efficiently and responsibly, focusing on the most serious health risks and on the most financially needy LEAs. EPA believes that these funds have been carefully spent and have resulted in genuine health protection benefits for school children and school employees.

In preparation for the upcoming reauthorization hearings for the Asbestos School Hazard Abatement Act (ASHAA), the Administration is currently reviewing the ASHAA program. Prior to those hearings, the Administration will take a position regarding ASHAA.

ASBESTOS IN SCHOOLS/INDIANS

Question: What is the total number of asbestos loan and grant applications that have been submitted to the Agency for high priority asbestos abatement projects in schools for FY90 funding?

Answer: EPA has received applications for funding 2,378 high-priority asbestos abatement projects. This number is subject to change because the Agency is still evaluating applications to determine if they are in fact eligible for funding as high-priority projects.

Question: What is total level of funding for loans and grants that are requested?

Answer: Total funding requested for the above projects is $303,124,846.

Question: How many schools located on Indian reservations received funds from the ASHAA loan and grant program in FY89?

Answer: In FY 1989 no schools located on Indian reservations received ASHAA loans or grants.

In order to be approved for ASHAA funding, LEAs must have in place management plans required under the Asbestos Hazard Emergency Response Act (AHERA). In FY 1989 none of the Indian LEAs that applied for funding had AHERA management plans in place, and thus could not be considered for ASHAA funding.

Question: Approximately how many applications have been submitted for FY91?

Answer: There have been no applications submitted for FY 1991 funding, as the Agency's budget submission does not include a request for loan and grant funding for that year. Should funding become available, EPA will announce the availability of such funding early in the fiscal year, with applications due to the Agency shortly thereafter.

For FY 1990, the Agency has received applications for funding 104 asbestos abatement projects in 20 Indian schools located in 20 Indian LEAs. The problem encountered last year with respect to management plans apparently has been resolved and EPA will be able to consider for funding these applications from Indian LEAs.

ASBESTOS IN SCHOOLS/INDIANS

Question: What level of funding was provided to those schools in FY89 relative to the request by those schools?

Answer: In FY 1989, EPA received applications from eight Indian LEAs requesting total funding of $1,390,678. As noted above, none of this requested funding was approved.

ASBESTOS IN SCHOOLS/INDIANS

Question: Please list the schools on Indian lands, by state, that have received loan and grant awards under ASHAA, and the amount of those awards, over the life of the program.

Answer:

State	Name, Location of Awardee	Award Amount
Kansas	BIA-Haskell Indian Jr. College Lawrence, KS	$49,347
Minnesota	Mille Lacs Band of Chippewa Onamia, MN	5,289
Montana	BIA-Billings Area Billings, MT	55,250
New Mexico	BIA-Albuquerque Albuquerque, NM	34,299
	Southwestern Indian Polytechnic Institute Albuquerque, NM	39,860
North Dakota	Aberdeen Area Belcourt, ND	113,200
Oklahoma	Bureau of Indian Affairs Anadarko, OK	33,175
	BIA-Muskogee Area Office Muskogee, OK	40,878
South Dakota	Bullhead Day School Bullhead, SD	2,950
	Bureau of Indian Affairs Aberdeen, SD	372,589
	Crow Creek Reservation H.S. Stephan, SD	59,550
	Eagle Butte High School Eagle Butte, SD	3,425
	Flandreau Indian School Flandreau, SD	31,210
	Marty Indian School Marty, SD	10,650

ASBESTOS IN SCHOOLS/INDIANS

State	Name, Location of Awardee	Award Amount
South Dakota	Pierre Indian Learning Center Pierre, SD	3,075
	Sicangu Oyate Ho, Inc. St. Francis, SD	8,365
	Swift Bird Day School Eagle Butte, SD	1,500
Washington	BIA-Guileute Tribal School La Push, WA	10,000

ASBESTOS IN SCHOOLS/INDIANS

Question: What is the total estimate of remaining costs to implement school asbestos management plans on Indian lands?

Answer: At present, EPA does not have adequate data to calculate the portion of the total cost attributable to schools on Indian lands.

Question: Are there any interagency efforts in which EPA is a participant, to address funding responsibilities for asbestos abatement on Indian reservations?

Answer: Yes. EPA and the Bureau of Indian Affairs (BIA) coordinate efforts in obtaining funding for asbestos abatement activities in schools on Indian lands. ASHAA requires that EPA provide assistance to qualified schools in each state. Since ASHAA defines "state" to include the BIA, the BIA is entitled to seek financial assistance from EPA for funding asbestos abatement projects in Indian schools. The Agency has awarded $874,612 through the BIA for asbestos abatement in Indian schools since 1985.

Question: If not, would EPA be willing to take the lead in coordinating with the Bureau of Indian Affairs, Indian Health Service, and Department of Housing and Urban Affairs to develop an interagency proposal to address this issue?

Answer: As stated above, EPA already coordinates funding for asbestos abatement projects on Indian lands with the Bureau of Indian Affairs.

CONSTRUCTION GRANTS

Question: As you know, $2.4 billion is authorized for the state revolving loan program under the Clean Water Act in the coming year. In light of estimated total need of over $80 billion for sewage treatment construction, and the authorized level of $2.4 billion for FY 91, what was the basis for the request of $1.6 billion for construction grants in FY 91?

Answer: In 1989 Congress appropriated $1.95 billion and in 1990 appropriated $1.95 billion post sequester and after recision of funds. The FY 1991 request represents a recognition of the importance of building adequately capitalized state revolving loan funds and is sufficient to meet highest priority needs while considering deficit reduction objectives. Federal contributions to local wastewater treatment projects have never been intended to address the full cost of the nation's sewage treatment needs which are currently estimated at more than $80 million.

CONSOLIDATING ENVIRONMENTAL STATUTES

Question: It's my understanding that the Conservation Foundation, under contract to EPA, drafted a comprehensive statute consolidating various environmental laws. Is that accurate, and if so has EPA considered transmitting a consolidated environmental bill to Congress?

Answer: Early in 1986, EPA entered into a cooperative agreement with the Conservation Foundation for research to examine the feasibility of a more integrated statutory regime for environmental protection.

The research focused on two models for such a regime, reducing them to statutory language in order to allow better understanding of the ideas in them. The first, the "Environmental Integration and Information Act," took the form of a set of integrating provisions which might complement but not replace the core regulatory elements of the existing Federal environmental statutes. The second, the "Environmental Protection Act," was conceptually a much more ambitious attempt to consolidate these into a single statute marked by a consistent approach to regulatory decision making.

The purpose of this work was not the development of a legislative proposal, which in any case would have been prepared internally. Rather, EPA wanted to test the proposition that an intellectually consistent consolidation of the various environmental statutes which would better integrate environmental protection decisions was possible. The test, in our view, was successful and the results provide a useful vision of a consolidated statutory framework.

The Agency has given only the most limited consideration to developing a broad legislative proposal derived from the more ambitious of the two Conservation Foundation products. We do, however, plan to make use of the most promising ideas from both statutory models as appropriate circumstances arise. As an example of such use, the Conservation Foundation models, and some related internal efforts in consolidating enforcement powers, played an important role in conceptualizing the enforcement provisions in the Administration's Clean Air Act Reauthorization proposal.

INDIAN ACTIVITIES

Question: What level of funding and personnel are committed to environmental programs on Indian tribe lands in the proposed budget and how does this compare with expenditures and personnel in the current year by program?

Answer: EPA does not specify funding for environmental protection by Indian versus non-Indian in its budget, with the exception of resources for the Office of Federal Activities. This Office oversees the EPA's activities with tribal governments. However, we do anticipate that the Agency will make some additional funding available to tribal governments in FY 1991 as compared to FY 1990, in keeping with our approach of incremental increases to tribal governments from funds currently provided to state governments. The major exception to this will be under Title II of the Clean Water Act which provides funding for wastewater treatment facilities. The last year of authorization for this program is FY 1990.

To give a general indication of EPA's total activities related to Indians, the following is an informal accounting by program area/office for FY 1989:

PROGRAM/OFFICE	FUNDS	WORKYEARS
Air and Radiation	$ 1,061,500	4.3
Clean Water	$ 2,876,100	12.3
Underground Injection	$ 453,000	27.3
Public Water Supply	$ 307,400	8.5
Groundwater	$ 75,000	0.6
Solid/Hazardous Waste and Underground Tanks	$ 519,000	9.3
Superfund/Emergency Response/Community Right-to-Know	$ 1,027,000	5.9
Pesticides/Toxic Substances	$ 504,000	2.6
General/Regional Counsel		4.8
Office of Federal Activities	$ 507,300	16.8
TOTAL	$ 7,330,300	92.4

Question: What specific activities, by program, are being undertaken as part of the additional $1 million and 20 employees provided for in the current year appropriation?

Answer: The FY 1990 Appropriation included a Congressional add-on of $1 million and 12 FTEs to initiate surveys of environmental needs on Indian lands. We do not have any plans to initiate these surveys in FY 1990 since we have not received these additional FTEs from OMB.

The $200,000 in AC&C Discretionary funding in FY 1990 for North West Indian tribe work for non-point source is being distributed to the appropriate Regions through the Office of Water. These Regions will disburse these funds to affected tribal governments.

INDIAN ACTIVITIES

Question: Is EPA taking any initiative to coordinate efforts to address the problem of solid waste, hazardous waste and asbestos abatement on Indian reservations?

Answer: EPA is working with the Bureau of Indian Affairs (BIA), the Indian Health Service (IHS), and the Department of Housing and Urban Development (HUD) to address solid and hazardous waste management issues on Indian lands. EPA is the coordinator and an active member of a quarterly interagency meeting with these and other agencies on environmental issues on Indian lands. In addition, EPA coordinated with BIA, IHS, and HUD to resolve issues related to HUD funding of solid waste services when constructing HUD-financed Indian housing. This led to HUD agreeing that funds for new HUD homes on Indian lands could be used in limited amounts to improve existing solid waste disposal facilities when new homes using those facilities were constructed. However, this resolves only a portion of the problem. IHS has authority to resolve the solid waste issue under PL 86-121, but its appropriations does not cover the estimated needs.

EPA's Office of Toxic Substances (OTS) is in the process of preparing a strategy document to implement EPA's Indian Policy with respect to a number of OTS program areas, including asbestos abatement in schools on Indian reservations.

EPA's Office of Solid Waste and Emergency Response (OSWER) has several ongoing initiatives related to developing tribal capabilities in the solid waste and Superfund areas of environmental management.

> In FY 1989, for Resource Conservation and Recovery Act (RCRA) work, the Regions received $175,000 to develop solid waste management plans for six tribal governments. In FY 1990 and FY 1991 the Indian tribes will utilize these management plans.
>
> In FY 1990, Region X received $75,000 for RCRA work to develop an implementation guidance document for the new solid waste criteria on Indian lands.
>
> In Superfund, EPA awarded CORE program cooperative agreements to the Navajo tribe. In late FY 1988, the Agency signed a Superfund Memorandum of Agreement (SMOA) with selected tribal governments to perform Superfund Site Assessments (SIs). EPA conducted 33 SIs on Indian lands in FY 1989 and will continue this activity in FY 1990 and FY 1991. In late FY 1989, OSWER issued guidance designating how Indian tribes can participate in the National Contingency Plan (NCP). In FY 1990-1991, EPA Regional Superfund staff will continue to assist tribal governments interested in participating in the Superfund program.

Question: Is specific legislation required to authorize EPA to carry out hazardous and solid waste management and cleanup activities and conduct asbestos abatement on Indian lands?

Answer: Specific legislation is not required to authorize EPA to implement, enforce, and oversee cleanups involving hazardous waste management programs on Indian lands. However, under the Resource Conservation and Recovery Act (RCRA), Indian tribes are included in the definition of municipality, but not state. This prevents the full involvement of tribes in the area of solid waste management, since the implementation of RCRA Subtitle D (solid waste) is primarily a function of states, not municipalities. The need for a statutory amendment to rectify this situation was noted in a 1988 report to Congress on solid waste management in the United States, and in testimony presented by the Deputy Adminstrator, Henry Habicht on June 23, 1989 before the Senate Select Committee on Indian Affairs.

Cleanup activities under RCRA are conducted by facility owner/operators with EPA/state oversight, since EPA cannot fund and carry out hazardous and solid waste cleanup activities on Indian lands.

In the Superfund program, no additional legislation is required to allow EPA to conduct CERCLA cleanups on Indian lands. In their coordination with Indian tribes, EPA treats Indian tribes essentially as states when they meet the following criteria:

- They are Federally recognized (the BIA establishes criteria to determine whether an Indian tribe is federally recognized and publishes a list of these tribes in the Federal Register annually),
- They have a tribal governing body that is currently performing governmental functions to promote health, safety and welfare of the affected population or to protect the environment within a defined geographic area,
- They have jurisdiction over a site that is listed in CERCLIS (EPA's data base of information on hazardous waste sites), or have jurisdiction over a site that is proposed or listed on the National Priorities List at which a Fund-financed response is contemplated.

EPA does not have the authority to conduct asbestos abatement actions on Indian lands or anywhere else. EPA's authority under the Asbestos School Hazard Abatement Act (ASHAA) only provides funding in the form of loans or grants to local education agencies (LEAs), including LEA's on Indian lands, to enable such LEA's to conduct asbestos abatement activities in schools only.

Question: Does EPA presently have the authority, or is a legislative mandate required, to direct EPA to coordinate with the Bureau of Indian Affairs, the Indian Health Service, and the Department of Housing and Urban Development to develop and recommend legislation to establish primary agency responsibility to address asbestos abatement (including implementation of asbestos in housing guidelines currently being developed by HUD) and hazardous and solid waste cleanup activities on Indian lands?

Answer: No agency has a specific statutory mandate to conduct hazardous waste, solid waste, and asbestos cleanups on Indian lands or to establish primary agency responsibility for conducting such cleanup activities. Additionally, in the,recent "Mattie Blue Legs" case, the U.S. Court of Appeals for the Eighth Circuit determined that BIA, IHS, and the tribe were responsible for site cleanup in the case of solid waste cleanup on the Pine Ridge reservation.

EPA's authority under ASHAA to address asbestos abatement extends to providing funding in the form of loans or grants to LEAs, including Indian LEA's to enable such LEA's to conduct asbestos abatement activities in schools only. EPA cooperates with the BIA in arranging for such funding for Indian LEA's.

NONPOINT SOURCE

Question: This is the first time that the Administration has requested funding through section 319 of the Clean Water Act for nonpoint pollution control despite the widely recognized need to address this problem. Please comment on how this request matches the need and how many state programs will it assist.

Answer: Congress appropriated $40 million for Section 319 implementation funding in FY 1990. Awarding this money to serve as seed money will help energize State implementation of controls for their most pressing nonpoint source (NPS) needs. In FY 1991, EPA is requesting $15 million. This is the first time the Administration has requested funding for Section 319. The funds will go toward demonstrating innovative and broadly applicable approaches for solving NPS pollution problems.

States are required, by law, to contribute at least 40% to the cost of implementing nonpoint source programs, thereby increasing the overall amount of revenues available to implement Section 319 programs. Many States have far surpassed this requirement, and have established well-funded State programs for nonpoint source control.

In addition, it should be noted that the funds that EPA is requesting under Section 319 for FY 1991 are only one portion of the total Federal resources that will be directed to address nonpoint sources of water pollution. EPA is also requesting an increase of 14 workyears and $1,454,900 in the Water Quality Management Program. The increase will support expanded efforts in the nonpoint source pollution prevention and control program. Again, this is the first Administration request in support of expanded EPA resources to address NPS pollution.

SUPERCRITICAL FLUID EXTRACTION

Question: A proposal recently came to my attention, authored by Dr. Steven Hawthorne at the University of North Dakota Energy and Environmental Research Center, outlining development of a supercritical fluid extraction process for pollutant analysis in mobile laboratories. This process potentially could offer several benefits over present field analysis procedures. I have enclosed a copy of Dr. Hawthorne's proposal for your review. What grant and assistance programs does EPA conduct that may provide funding opportunities for this and similar technology development projects?

Answer: The Office of Research and Development provides funding assistance through cooperative agreements and grants. Cooperative Agreements are provided through the EPA laboratories for projects to assist them in carrying out research and development in support of the agency's program activities. The research grants program is operated by EPA headquarters and is intended to support projects which add to the state of knowledge in environmental science.

Question: Is EPA presently working on any similar pollutant analysis procedures for use in the field?

Answer: EPA is presently supporting projects on supercritical fluid extraction for pollutant analysis and has supported such projects for some time. We have supported studies by Dr. Hawthorne in this area for the past four years. However, EPA is not supporting work on the development of a mobile laboratory.

Questions for the Record by Senator Reid

RESEARCH FUNDING

Question: The recent Science Advisory Report on the EPA's research program noted that funding for the program since 1982 has decreased by 20 percent in real terms. Since 1982, Congress has passed major amendments to environmental laws including the Safe Drinking Water Act, Clean Water Act, Resource Conservation and Recovery Act, and Superfund. The SAB Report recommends doubling research activity over the next five years. Do you agree with the recommendation that the research budget needs to be doubled over 5 years?

Answer: The Agency believes that resources devoted to environmental research should continue to increase in the future. The Agency does not believe, however, that EPA should provide all of this increase. A potential exists to leverage other Federal agencies and the private sector for more environmental R&D resources and, perhaps as importantly, for the expertise to address the growing complexity of our common environmental problems.

These increases will be used to create what President Bush has called "a new attitude on the environment" by providing new knowledge and solutions for environmental policies of the future. This will include emerging environmental concerns like global climate change, stratospheric ozone depletion, and alternative fuels research.

SUPERFUND RESEARCH FUNDING

Question: In the EPA's budget statement it is argued that Superfund research will increase in three areas. "First, research will increase on Subsurface Cleanup and Mobilization Processes...Second, research on quality assurance of field sampling will increase. Finally, assessing ecological risks at Superfund sites will be increased". At the same time, the budget that you have requested for Superfund research in FY 1991 is $6.5 million less than that requested for FY 1990. Could you explain how you can increase research without an increase in funds? What research programs will you be cutting to increase research in the specified areas?

Answer: In order to fund selected increases for Superfund research in FY 1991, we have some offsetting reductions in other research programs. The reduction in funding in Superfund research is related to the actions we took to implement the 1989 Superfund Management Review.

To implement this review, we took two types of actions. First, 25.5 FTEs and $2.5 million dollars were added in FY 1990 for an expanded technical support program to meet the Agency's needs. This resulted in a 43% increase in workyears to a total of 84 FTEs for technical support. This expansion is continued into FY 1991. Second, an initial investment of $12 million in extramural funds was added in FY 1990 to carry out other programs of the Superfund Management Review such as the Superfund Technical Assistance Response Team (START), treatability studies, and technology evaluation. While some of this increase is not carried over into the FY 1991 budget, the initial investment will enable us to make important progress in meeting a number of Superfund program needs.

ENVIRONMENTAL INSTITUTE FOR THE ENVIRONMENT

Question: A common perception is that EPA's Office of Research and Development (ORD) is not capable of addressing emerging domestic and global environmental research problems. Some commentators argue that a National Institute for the Environment should be created. What is your view of the need for a National Institute for the Environment?

Answer: The adjustment to a longer term, anticipatory orientation is one of the major environmental R&D priorities of this Administration. EPA's research effort in past years has been focused principally in support of specific legislative mandates and regulatory priorities, but in 1989, the Agency formed a multimedia research planning committee to provide more focus on longer term research.

In regard to the concept of an Institute, we concur with the notion of strengthening longer term research. We are facing a host of unprecedented environmental threats, and a more coordinated and extensive environmental and longer term research effort is needed. We are committed to improve the quality and quantity of environmental research efforts.

There are several ways to attain these goals. The concept of a national environmental institute is one approach. EPA is developing proposals for the best arrangements to sustain a long-term program of ecological research. An essential part of this process is consideration of the role of EPA's laboratories and the many important research projects which they are now conducting. It is important that we maximize the enormous talent and work being done at other Federal agencies, universities and in the private sector, to develop truly coordinated, complementary research.

Accordingly, this year we will consult with the scientific community on the need for a National Environmental Research Institute. We also plan to sponsor public meetings in at least three geographic areas to insure that all interested parties have the opportunity to express their views. This consultation process, taking place over the next several months, will assist us in making decisions on the most appropriate organization and structure for a national long-term ecological research program.

ENVIRONMENTAL EDUCATION

Question: Environmental education is increasingly being viewed as an important method of protecting our environment. Much can be accomplished if we can teach our children to respect the environment.

Do you agree that environmental education should be given a high priority? What resources would the EPA require to play a more active role in environmental education?

Answer: We are firmly committed to environmental education to raise the public's understanding of our individual and institutional options and responsibilities. To help meet these responsibilities, EPA has identified three major objectives: heighten public sensitivity to the environmental consequences of our individual and collective actions, educate our youth and train future environmental management professionals, and aid public and private executives in making informed and responsible decisions.

Recently, Administrator Reilly has created an Agency-wide Environmental Education Task Force. The Task Force is charged with (1) developing a comprehensive Agency Environmental Education Strategic Plan, and (2) planning for and sponsoring an Environmental Youth Summit.

EPA strongly supports the intent of Senate Bill 1076, known as the National Environmental Education Act (NEEA). The NEEA is intended to increase public understanding of the natural environment and to advance and develop environmental education and training.

EPA welcomes the joint nature of the Act to be accomplished by the EPA and other Federal agencies, with the collaboration of educational, environmental, natural resource institutions, agencies, and interests.

After reviewing the strategic plan, EPA will assess its resource needs as part of the budgetary process. EPA supports the $500 thousand in the FY 1991 CEQ request to provide Presidential Excellence in Environmental Education Awards to teachers.

ASBESTOS IN SCHOOLS

Question: The requirement that schools prepare a management plan, and if necessary, abate any friable asbestos found in their buildings is causing considerable hardship to schools.

Given this why has the EPA not requested any funds for the asbestos loan and grant program?

What is EPA's position regarding reauthorisation of the Asbestos School Hazard Abatement Act (ASHAA)?

Answer: The Administration has consistently maintained that asbestos abatement in schools is primarily a state and local concern, rather than that of the federal government, and that past federal funding has addressed the most serious instances of asbestos hazards in schools.

In the face of high costs to local school districts for asbestos abatement, however, the Congress has appropriated more than $245 million for loans and grants to local education agencies (LEAs) over a period of several years. EPA has administered this program efficiently and responsibly, focusing on the most serious health risks and on the most financially needy LEAs. EPA believes that these funds have been carefully spent and have resulted in genuine health protection benefits for school children and school employees.

In preparation for the upcoming reauthorization hearings for the Asbestos Schools Hazard Abatement Act (ASHAA), the Administration is currently reviewing the ASHAA program. Prior to those hearings, the Administration will take a position regarding ASHAA.

NO NET LOSS OF WETLANDS

Question: The President has set a goal of "no net loss" of wetlands. What role is the EPA playing in helping the President meet this goal?

Answer: EPA's Wetlands Action Plan (January 1989) provides a good starting point to describe the types of actions EPA is taking to address the President's goal. The actions fall within the following seven categories: wetlands planning initiative; mechanisms to increase state, tribal, local roles in wetlands protection; Section 404 regulatory program - in particular, enforcement, 404(b)(1) guidelines, and wetlands identification and delineation; interagency wetlands mitigation policy (both 404 and other agency actions); information and education; cumulative impacts; and wetlands restoration.

EPA is working jointly with the Corps of Engineers to improve the effectiveness and efficiency of the Clean Water Act Section 404 program. EPA's role in the program includes Section 404(b)(1) policy development and clarification, enforcement, permit reviews, Section 404(c) restrictions/prohibitions, jurisdictional and exemption policies, and, with the Corps, Advance Identification of particularly vulnerable or valuable wetland resources. EPA has wetlands research underway to support the Section 404 program and other wetlands programs.

Because the task of wetlands protection cannot be accomplished by EPA alone, we are undertaking a variety of other actions to support and encourage efforts by other agencies, and by the private sector as well. EPA is developing guidance and technical support mechanisms, and providing limited financial assistance, to support the nonregulatory and regulatory wetlands protection efforts of States. EPA is examining its own environmental programs (such as traditional water quality programs and Superfund) to factor wetlands protection into these activities. EPA is also working with other federal agencies to identify joint projects and actions to support wetlands protection and restoration goals. Finally, EPA is developing educational information to increase awareness of wetland functions and programs available for protection.

STILLWATER

Question: In Nevada we are trying to protect Stillwater Wildlife Area. The Stillwater wetlands area is one of North America's most important inland staging areas for migratory birds. Could you tell me what the EPA is doing to help save the Stillwater wetlands?

Answer: In 1989, EPA Region IX prepared a reconaissance report on the feasibility of using Reno/Sparks effluent to enhance the Lahontan Valley wetlands or the nearby Fernley wetlands. EPA participates in Senator Reid's Negotiated Settlement Committee on Water Quality and Reno's Technical Advisory Committee on effluent/wetlands issues. An EPA staff member attended the Senate Subcommittee on Water and Power hearing on S.1554, a bill which would settle water rights among Truckee and Carson River water users, enhance the habitat of Pyramid Lake endangered and threatened species and preserve the Lahontan Valley wetlands.

FALLON ARSENIC

Question: In late October 1989, the Department of Housing and Urban Affairs placed a moratorium on the financing of any new housing in the community of Fallon, Nevada, because of concern about the level of arsenic in the municipal water supply. State of Nevada Health Division records show that Fallon's arsenic level has fluctuated between .01 milligrams per litre and .087 milligrams per litre. The EPA has instituted a Maximum Contaminant Level (MCL) of .05 milligrams per litre as an interim level. The uncertainty caused by this interim level has caused economic problems for Fallon. When can we expect a final regulation on the level of arsenic to be allowed in the water supply of Fallon?

Answer: Although there are unresolved technical uncertainties that have delayed the revised regulations, EPA has advised the State of Nevada that it is unlikely that the revised MCL would be higher than .05 milligrams. Therefore, Fallon should take immediate steps to achieve at least that level. State personnel have advised us they felt that they will be able to resolve the moratorium in financing with the Department of Housing and Urban Development. We are willing to assist them in any way that we can.

Question: Is there any way that the process for determining the final regulation can be expedited?

Answer: The Agency has been sued on the delay of promulgation of standards for a number of drinking water contaminants, including arsenic. We are currently working with the Court to establish schedules for promulgation of final regulations and will provide the Committee with the schedule for arsenic as soon as it is set.

LEAD IN SCHOOL DRINKING WATER

Question: In the EPA's summary of the 1991 budget it is stated that "The goal of the Drinking Water program is to assure that public water supplies are free from contamination that may pose an unacceptable human health risk". In January 1990 a number of drinking fountains in the schools of Washoe County, Nevada, had to be shut down because of presence of dangerous levels of lead in the drinking water. Could you tell me if the EPA has been helping state officials in Nevada to resolve this problem?

Answer: Our understanding of the test results from the Washoe County school district is that of approximately 300 outlets (water coolers and faucets) eight or nine outlets had lead levels above EPA's recommended level of 20 parts per billion. The EPA Regional staff were aware of the problem when it occurred but were not directly involved because the State personnel were adequately responding.

The discovery of the problem can be traced directly to testing protocol and guidance developed and seminars conducted by EPA to train State and school personnel in testing for and remedying lead contamination. A representative from Nevada attended one of these seminars in Washington D.C. which led to five seminars being conducted in Nevada.

LIQUIFIED GASEOUS FUELS SPILL FACILITY

Question: The Department of Energy maintains the Liquified Gaseous Fuels Spill Facility at the Nevada Test Site. The purpose of this facility is to conduct scientific studies for assessing the consequences of sudden releases of hazardous and toxic substances. DOE does not request funding for this important program.

Given EPA's role with respect to the testing and monitoring of chemicals and hazardous substances, would it make sense to transfer this important research facility to EPA?

Answer: It would not make sense now to transfer this research facility to EPA. We recognize that the facility is unique and offers research benefits to DOE, EPA, other Federal agencies, States as well as the private sector. Accordingly, EPA has a Memorandum of Understanding (MOU) with the Departments of Transportation and Energy as required under Section 118(n) of the Superfund Amendment and Reauthorization Act of 1986 (SARA). The Section directs DOE to establish a research and demonstration program at the Nevada site. It is our understanding that DOE has requested FY 1991 funding of $1.1 million in support of this facility.

The Committee on Earth Sciences (CES) has a Subcommittee on Atmospheric Research which has proposed that the member agencies (NSF, EPA, DOE, DOT, DOD, NASA, NRC, and FEMA) jointly fund an effort to develop a national plan for atmospheric research on airborne hazardous materials. EPA has committed $30 thousand toward this effort in FY 1990. The plan developed from this interagency effort may be the basis for increased research in this area.

EPA's Chemical Emergency Preparedness Office will continue to cooperate with the Center for Chemical Process Safety of the American Institute of Chemical Engineers on research which utilizes the DOE facility.

DEFENSE BASE CONSOLIDATION ACT

Question: The Department of Defense has submitted to the Congress draft legislation for streamlining procedures for base closure and realignment. This draft legislation, dated February 8, 1990, is called the "Defense Base Consolidation Act." The streamlining procedures involve waiving some of the provisions of the National Environmental Policy Act of 1969. Can you tell us your reaction to the draft "Defense Base Consolidation Act?"

Answer: EPA has no objection to the DOD draft legislation. Proposed Section 2687 (f) of the bill would exempt DOD from conducting the requirements of NEPA actions for:

- selections of military installation for closure or realignment,
- selections of a military installation to receive functions from a closed or realigned base, and
- preparation of certain Congressional reports.

The effect of this exemption would be to apply NEPA only to the implementation of a closure or realignment decision, and not to the decision itself. Although this is not the usual way that NEPA is applied, this exemption is not without precedent. The "Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 102 STAT. 2623) also provides a similar partial exemption from NEPA. The approach that the Department of Defense is using to comply with the NEPA exemption contained in that Act is satisfactory to date. We expect, based on this experience, that the exemption proposed in the draft Defense Base Consolidation Act would be implemented in a similar, positive way.

MUNICIPAL WASTE COMBUSTOR NSPS

Question: I understand that the New Source Performance Standard dealing with municipal waste incinerators, that was recently issued by the EPA, has eliminated the need for the continuous measurement of combustion temperature. Given the fact that, in the past, EPA has emphasized the importance of temperature as an important measure of effluent control, I wonder if you could explain why temperature monitoring has been eliminated from current regulations?

Answer: The proposed New Source Performance Standards (NSPS) for municipal waste combustors (MWC) do not require continuous monitoring of combustion temperature. The principal reason for considering any requirement for monitoring combustion temperature is its relationship, when combined with residence time and turbulence of combustion gases, to combustion efficiency. When the proposed standards for MWC were developed, a minimum temperature requirement was considered. Municipal waste combustor designs vary to such an extent that different operating temperatures would have to be specified for different technologies. However, adequate data are not available to establish a separate temperature for each combustor design. An analysis of available data led to the conclusion that another approach would provide a more effective way to accomplish the objectives associated with monitoring temperature along with other operating parameters of MWC's.

To ensure that toxic organic emissions (such as dioxins/furans) are controlled on a continuous basis, the proposed standards for MWC include several operating requirements which ensure efficient combustion without the need for monitoring combustor temperature. The amount of carbon monoxide (CO) in the combustor stack gases has been determined to be an effective indicator of combustion efficiency. Since high emissions of organics are associated with poor combustion efficiency, the techniques used to minimize CO emissions are closely related to those used to minimize organic emissions. If high CO levels are present, it is likely that high levels of organic emissions are also present. Therefore, the proposed NSPS specify the maximum allowable levels of CO that are indicative of good combustion for each combustor technology. The production rate (combustor load) at which an MWC is operated also directly affects the level of organic emissions. Therefore, the proposed NSPS include limits on operating load. Proper operation of the MWC is an essential factor in minimizing emissions of organics. Operation of an MWC's is complex and requires attention to details such as: maintaining waste feed rates and conditions as uniform as practicable; using preheated air to burn wet or difficult to burn materials; providing proper amounts and distribution of combustion air; monitoring the degree of waste burnout; and the use of auxiliary fuel during start-up and shutdown. To ensure that combustors are properly operated, the proposed NSPS require operator training and certification. The certification program requires the operator to meet certain requirements of experience and education and to pass a written examination covering the basics of municipal waste combustion. The operation of a municipal waste incinerator in compliance with the requirements for CO and combustor load, and in accordance with proper operating procedures as implemented by trained and certified operators, will minimize organic emissions.

ENERGY STUDIES AT YUCCA MOUNTAIN

Question: On January 25, 1990 the Department of Energy filed suit against the State of Nevada for refusing to issue permits so that DOE can conduct studies of Yucca Mountain to determine its suitability as site for storing nuclear waste. The suit asks for a court order that would require the State to act on DOE permit applications. It is my understanding that DOE officials are considering legislative proposals to exempt the project from environmental laws and regulations. How would the EPA respond?

Answer: EPA has not yet formulated an opinion with respect to the Department of Energy's planned activities at Yucca Mountain. The Agency will continue to monitor the situation and will comment as required and appropriate.

Questions Submitted for the Record by Senator Breaux

TERREBONNE-BARATARIA BAY

Question: The Ocean Dumping Act Amendments (P.L. 100-688) contains a provision to list the Terrebonne-Barataria Bay as an estuary of national significance pursuant to Section 320 of the Clean Water Act. I understand that Governor Roemer of Louisiana has submitted a proposal nominating the Bay as an estuary of national significance.

The Terrebonne-Barataria Bay area is a vital national estuary resource. It is also experiencing among the most rapid rates of coastal wetlands loss, estimated at between 40-60 square miles each year. The loss is largely attributable to changes in the water quality of the estuary. Convening a management conference on this estuary will go a long way to meeting the goals of section 320 of the Clean Water Act as well as furthering the Administration's stated commitment to wetlands protection.

What is EPA's position on convening a management conference on the Terrebonne-Barataria Bay area? What is the funding level proposed for the Terrebonne-Barataria Bay management conference for FY'91?

Answer: In 1988, the Ocean Dumping Ban Act added Barataria Bay to the Clean Water Act list of estuary sites to be given "priority consideration" in the selection of National Estuary Program (NEP) projects. In October 1989, Governor Buddy Roemer of Louisiana nominated the Barataria-Terrebonne Bays (B-TB) estuarine complex for the National Estuary Program.

EPA has been reviewing estuary nominations for the NEP, including the nomination of the B-TB project. The decision to convene a Management Conference will be based on the consistency of a nomination package with EPA's final Guidance on the Contents of a Governor's Nomination, including consideration of expanding the scope of the NEP as a national demonstration program, likelihood of success, strong state and local commitment and strong public support.

The Agency will be selecting the estuary projects to be added to the National Estuary Program during FY 1990 and the proposed B-TB project continues to be given consideration as an estuary of national significance in the selection process. If the B-TB project is one of those selected, the funding in FY 1990 to initiate an estuary project under the provisions of the Clean Water Act is estimated at $400,000. In FY 1991, with completion of the project initiation phase, funding to begin the second phase of an estuary project like the B-TB project is typically $700,000.

LAKE PONTCHARTRAIN

Question: What is EPA proposing with respect to the clean up of Lake Pontchartrain?

Answer: The major pollution problem facing Lake Pontchartrain is urban runoff and other nonpoint source (NPS) pollution. Thus, one possible source of funding is grant monies appropriated under Section 319 nonpoint source control program. Funds for local NPS demonstration projects are available from the State. To be eligible for these funds, a nonpoint source control project must be part of a State's approved Section 319 management program and the State must select this project for funding priority. If stormwater controls are required as part of a National Pollutant Discharge Elimination System (NPDES) point source permit, they are not eligible for Section 319 nonpoint source control funding. Also, since the urban runoff component of the State's nonpoint source management program has not been approved, urban runoff projects are not eligible for Section 319 funding at this time.

Under the State Revolving Fund (SRF), States can provide loans and other assistance for the construction of publicly owned treatment works and for implementation of projects and programs established under the NPS pollution control program and the National Estuary Program. EPA has awarded capitalization grants, totalling $22.4 million, to Louisiana to implement its SRF program.

EPA has issued NPDES permits to 38 facilities with discharges which reach Lake Pontchartrain. Eight (all majors) are industrial dischargers and 30 (3 of which are majors) are municipal dischargers.

Because the State has already nominated the Barataria estuarine system for inclusion in the National Estuary Program, possibilities are limited for an additional program under the Section 320 grant program.

STATUS OF LOUISIANA UST STATE ASSURANCE FUND

Question: The State of Louisiana has proposed to establish a Trust Fund to help underground storage tank owners meet their financial responsibility requirements under Superfund. What is the status of the Agency's approval of the Trust Fund arrangements?

Answer: Louisiana's state assurance fund was reviewing by both the Regional Office and EPA Headquarters, and was approved in November 1989. EPA considers owners and operators in states with financial assurance funds (e.g. trust funds) approved by the Agency, to be in compliance with the Federal financial responsibility requirements. In addition, state financial assurance funds may be used for cleaning up leaks from underground storage tanks and compensating third parties for damage resulting from leaks.

COMMENTS ON S. 1731

Question: Last fall, the EPA testified against S.630, a bill to enhance and restore the coastal wetlands of Louisiana. One of the objections to S.630 was the funding mechanism proposed, e.g. earmarking 5% of OCS revenues. After the hearing, the bill was redrafted and S.1731 was re-introduced. S.1731 currently contains no funding mechanism.

The EPA has yet to provide its comments to the Committee on S.1731, although the request was made last fall. When can we expect to receive the EPA views on S.1731?

Answer: EPA's report on the bill is at OMB for clearance. We will forward our comments to you just as soon as they are cleared.

LOUISIANA WETLANDS

Question: The Administration has recognized there is serious loss of coastal wetlands occurring in Louisiana. Given this unprecedented loss, and the President's stated commitment to wetlands restoration, what does this Budget contain to arrest the wetlands loss currently ongoing in coastal Louisiana?

Answer: Whereas the agency's budget request does not earmark funds specifically for coastal Louisiana, EPA has been involved in wetland activities there and will remain active in FY 1991. We are involved in the Corps of Engineers' "Louisiana Comprehensive Coastal Wetlands Study." The study will achieve a Federal objective to develop and implement a comprehensive strategy for managing and protecting the resources of Louisiana's coastal areas.

EPA has a number of additional activities underway to contribute to the information and actions needed in coastal Louisiana. In FY 1990, our Office of Wetlands Protection is exploring the feasibility of funding more than $100,000 of activities for coastal Louisiana, including new projects conducted out of EPA Region VI. Several of the actions underway or planned will provide information for use in the next phase of the Louisiana Comprehensive Coastal Wetlands Study. However, we recognize that these actions will address only the tip of a very big iceberg. EPA is developing a strategy to target our resources and increase EPA projects and technical assistance in coastal Louisiana.

Questions Submitted for the Record by Senator Lieberman

CONSTRUCTION GRANT/STATE REVOLVING FUND

Question: The Construction Grant/State Revolving Loan Fund Program will again be underfunded if the President's Budget Request is accepted as written. Why, for the second year in a row, has this Administration refused to fully fund this program?

Answer: In 1989 Congress appropriated $1.95 billion and in 1990 appropriated $1.95 billion post sequester and after recision of funds. The 1991 request represents a recognition of the importance of building adequately capitalized state revolving loan funds and is sufficient to meet highest priority needs while considering deficit reduction objectives.

NONPOINT SOURCE POLLUTION

Question: What would you say EPA's budget request for the Nonpoint Source Pollution program reflects about your perception of the importance of this issue?

Answer: EPA and the States recognize that nonpoint source (NPS) pollution is one of the major remaining water pollution control challenges in the country. Tackling this challenge effectively will require increased efforts at all levels of government and in the private sector.

Congress appropriated $40 million for Section 319 implementation funding in FY 1990. Awarding this money to serve as seed money will help energize State implementation of controls for their most pressing NPS needs. In FY 1991, EPA is requesting $15 million. This is the first time the Administration has requested funding for Section 319. These funds will go toward demonstrating innovative and broadly applicable approaches for solving NPS pollution problems.

States are required, by law, to contribute at least 40% to the cost of implementing nonpoint source programs, thereby increasing the overall amount of revenues available to implement Section 319 programs. Many States have far surpassed this requirement, and have established well-funded State programs for nonpoint source control.

In addition, it should be noted that the funds that EPA is requesting under Section 319 for FY 1991 are only one portion of the total Federal resources that will be directed to address nonpoint sources of water pollution. EPA is also requesting an increase of 14 workyears and $1,454,900 in the Water Quality Management Program. The increase will support expanded EPA efforts to support states in the nonpoint source pollution prevention and control program. Again, this is the first Administration request in support of expanded EPA resources to address NPS pollution.

NONPOINT SOURCE POLLUTION/AGRICULTURE

Question: Does this low amount indicate that EPA is ready to let go entirely of the non-point program, to let the responsibility for controlling non-point pollution be taken up by the Department of Agriculture (USDA)?

Answer: EPA is committed to preventing and controlling nonpoint source (NPS) pollution, and continues to work with many State, local, and Federal actors in implementing activities to protect water quality. EPA has a leadership role in fulfilling NPS responsibilities under the Clean Water Act, and will continue to act as the Nation's water quality watchdog as it seeks assistance from USDA and other Federal Agencies. To address a problem as serious and pervasive as NPS pollution will require EPA to build multiple partnerships while maintaining its traditional role as protector of water quality. This represents a new way of doing business for EPA, but thus far it appears to be working well.

Given the scope and nature of agricultural NPS problems and USDA's available programs and delivery systems, it is appropriate for USDA to play a major role on agricultural NPS issues. EPA has supported and continues to support the USDA's Water Quality Initiative, and welcomes the growing emphasis USDA is placing on water quality.

FARMER EDUCATION

Question: So-called "farmer-education" programs for dealing with nonpoint pollution have not proven very effective. But I'm willing to play the farmer here. Educate me: Are there any purely voluntary, non-regulatory programs that you know of that have resulted in serious pollution prevention?

Answer: There are few, if any, "purely" voluntary programs for dealing with nonpoint source (NPS) pollution from agricultural sources. However, there are programs for reducing and controlling the use of agricultural chemicals where, after initial local demonstration of the techniques and frequently associated reductions in cost to the farmer because of reduced chemical use, farmers may voluntarily adopt the techniques. In such cases, the farmer can obtain environmental benefits while simultaneously reducing his overall production costs. Significant examples of this have occurred recently in the Corn Belt States, particularly Iowa.

Most other so-called voluntary programs in fact involve a financial incentive in the form of cost-share whereby the farmer receives full or partial reimbursement for the costs of installing or adopting best management practices (BMPs) such as terraces, conservation tillage techniques or animal waste facilities. They are voluntary to the extent that the farmer voluntarily agrees to adopt/install BMPs. Unquestionably, significant agricultural NPS pollution reduction and prevention has been achieved by this approach in States as widely varying as Oregon, California, Montana, Minnesota, Wisconsin, Nebraska, Tennessee, North Carolina, Maryland, New York, and Vermont.

This approach, however, may not always ensure the most effective use of available funds nor capture the key contributors of agricultural NPS pollution. Farmers or ranchers whose operations, because of location or topography, are not prime contributors of pollution to a given water resource may be very willing to participate because of the cost-share while others, who are identified as key contributors of pollution, may not be willing to participate regardless of cost-share benefits. This has led several States, among them California, Wisconsin, Arizona, and Florida, to adopt regulatory programs to complement and increase the effectiveness of their voluntary programs.

The EPA Journal, Vol. 15, No.6, November/December 1989, describes examples of farming practices which have gained recognition for their pollution prevention and control successes.

URBAN RUNOFF

Question: Beyond the lack of regulatory authority posed by the Department of Agriculture in addressing nonpoint pollution, there is another reason EPA should hang on to this responsibility. I know, for example, that in my own state of Connecticut, the nonpoint problems we experience are largely not the result of farming practices, but of urban runoff. What kind of role does EPA plan to continue in order to address urban runoff?

Answer: We agree that nonpoint source (NPS) problems are not just agricultural. As you indicate, depending on the State or local area, other NPS water quality problems, including urban runoff, can be a more major concern.

EPA anticipates that many urban runoff problems will be addressed through the stormwater permit program being developed by EPA under Section 402 of the Clean Water Act. EPA and State NPS staff will provide support to this effort both in writing the permits and in assisting States, municipalities and industries in developing programs to comply with the permits. In addition, EPA will be expecting States to develop and implement NPS controls for urban runoff water quality problems not subject to stormwater permit requirements, and will be providing technical and program support to the States in implementing such components.

INCREASED ENFORCEMENT PERSONNEL

Question: As you know Superfund clean-up and enforcement and litigation is personnel or resource intensive. You allude in your statement to hiring 500 new personnel for enforcement; the same number recommended by EPA's Superfund Management Review in June of last year. Do the budget figures we have before us reflect allocating more personnel to the Superfund program for enforcement? How so?

Answer: In 1990, OMB authorized the Agency to hire an additional 500 workyears to implement the recommendations of the Superfund Management Review. Of these 186 workyears were allocated to the Technical Enforcement program and 139 were allocated to the Legal Enforcement program. Technical and legal resources were added to improve both the scope and the quality of potentially responsible party (PRP) searches. Although we do not anticipate significant increases in enforcement actions taken, these resources will improve EPA's negotiations process, encourage PRP involvement early in the removal and remedial processes, and increase the likelihood of settlement with PRPs on financing response actions.

Cost recovery documentation resources were added to reflect the increased workload in this area for both technical and legal staffs. Resources for the oversight of PRP remedial investigation/feasibility studies (RI/FS) were increased in order that EPA can more effectively monitor and review the quality of RI/FSs. This should improve the quality of RI/FSs and the timeliness of Records of Decisions.

Some of the 500 workyears were provided to other EPA activities such as financial management to support the cost recovery and other enforcement efforts.

DEPARTMENT OF JUSTICE

Question: Is the Department of Justice satisfied with the level of enforcement funding they're getting through your interagency agreement?

Answer: The Department of Justice (DOJ) coordinates its request with the Agency's enforcement program and bases its request on enforcement activity levels projected for the budget year. For 1991, DOJ's request was fully funded and there are no anticipated shortfalls.

SUPERFUND REAUTHORIZATION

Question: The taxing-authorization that empowers the Superfund Program is due to end in 1992. What will EPA forward to the Congress in terms of reauthorization of this program? How do the budget figures we have before us indicate an increased level of commitment to Superfund enforcement?

Answer: The taxing authority for Superfund under the Superfund Amendments and Reauthorization Act of 1986 (SARA) expires on December 31, 1991. EPA's position on reauthorization of the Superfund program and the specifics associated with taxing authority has not yet been established. Nevertheless, taxes generated from a reauthorized Superfund program will continue to support an "Enforcement-first" program while providing substantial resources for the Response program.

EPA's submission reflects an expansion in enforcement resources devoted to potentially responsible party (PRP) searches at removals and remedial investigation/feasibility studies (RI/FS). This focus on enforcement should increase cost recovery and negotiated settlements. Increasingly, EPA is projecting early PRP involvement in the program. Projections for 1991 show enforcement RI/FS increasing to 67 percent of the total RI/FS. As a result, EPA is projecting Superfund enforcement increases in (RP) settlements. In 1989, 49 settlements were completed and 96 are intended for 1991. EPA is also increasing its remedial cost recovery efforts.

Further demonstration of an increased level of commitment to Superfund enforcement is in unilateral administrative orders (UAOs). When PRPs do not settle, UAOs will be issued. By taking this approach, EPA is establishing a case to pursue treble damages against an PRP.

CHEMICAL REVIEW

Question: What will happen to the Chemical Review Process under this budget?

Answer: The Agency's pesticide review process was established to assure that the registrations of the majority of existing pesticide chemicals are supported by data bases updated to today's scientific standards, and to support the required determination that "no unreasonable adverse effects" are presented by a specific pesticide. It reviews available data about each chemical, and formulates scientifically based regulatory positions to guide the modification, cancellation, or reregistration of existing products and the registration of new products.

The pesticide review activities are being expanded in FY 1991, as mandated by the 1988 Amendments to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). The FIFRA Amendments contain provisions for a greatly accelerated five-phase reregistration program for certain pesticides. The amendments expedited processing of certain types of registration applications, and established a system for collecting and administering fees. The fees mandated by these amendments are to be used to supplement base appropriated funds to carry out reregistration and expedited processing. In FY 1990, the Office of Pesticide Programs (OPP) received an additional 125 workyears funded by these fees. The FY 1991 Budget requests an additional 65 workyears, for a total of 190 in OPP. For the Agency as a whole, the workyears funded by these fees increase from 148 in FY 1990 to 238.5 in FY 1991.

REREGISTRATION

Question: Can you honestly say you have sufficient funds to complete reregistration by 1998?

Answer: The 1988 Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) Amendments accelerated the reregistration process for previously registered pesticides by requiring completion of reregistration within nine years. To assist in EPA's implementation of this Act, EPA developed a Nine Year Plan, showing the resource needs for implementing the reregistration program within the time frame set forth by FIFRA. It was based on an estimate of unit costs and projections of revenues from maintenance and reregistration fees. The unit costs were based on time accounting records of direct regulatory work necessary to reregister pesticides for each reregistration case.

Based on actual experience administering this program, the Agency has found that revenue estimates and the number of pesticides to be supported for reregistration are lower than had been expected. Reregistration fee receipts are lower due to the decrease in pesticides to be supported and maintenance fee receipts have been negatively impacted by the per registrant caps prescribed by the statute. These per registrant caps cannot be modified without new legislation which the Agency has already requested Congress to consider.

EPA is currently reassessing the total cost of each reregistration case based on actual experience to date. Until the reassessment is completed, the Agency will not know the impact of these changes on the level of funds needed to complete reregistration.

NEUROTOXICITY ENFORCEMENT

Question: I understand EPA is to be issuing new guidelines on neurotoxicity testing of pesticides; do you have the funding and staffing to enforce these guidelines?

Answer: The guidelines on neurotoxicity testing of pesticides have been written, and the Scientific Advisory Panel has completed its review. EPA will incorporate the guidelines into the data requirements for the registration of all new pesticides and the ongoing review of existing pesticides under the 1988 Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) Amendments. The guidelines will require specific, in-depth information on the potential toxic effects of pesticides on the nervous system.

The neurotoxicity testing guidelines of pesticides are "enforced" in two ways, as are all other 40 CFR Part 158 testing guidelines under FIFRA.

First, during the registration process for new pesticides and the ongoing review of existing pesticides under the 1988 FIFRA Amendments, Office of Pesticide Program (OPP) reviewers examine the study report to ensure that the test guidelines were followed, and the study is scientifically valid. EPA recognizes that it will need to augment the current capabilities in neurotoxicology, given the large quantity of this kind of data that will be reviewed. Accordingly, during the next round of hiring, OPP would like to hire 3-4 scientists whose principal focus will be neurotoxic effects.

Second, the Office of Compliance Monitoring's (OCM) Good Laboratory Practices program may audit the new raw data of a particular study to ensure that the raw data support the study conclusion. OCM currently audits a total of approximately 380 FIFRA studies each fiscal year chosen for audit more or less randomly as primarily a spot check of a given testing laboratory's GLP compliance status, and compliance with EPA regulations requiring maintenance of all raw data supporting a study. The overall resource impact of an additional testing guideline on the audit program would be minimal.

EPA has the necessary funding and staffing in the FY 1991 President's Budget to support these activities.

NEUROTOXICOLOGISTS - FTEs

Question: How many neurotoxicologists are currently on staff? How many will you need to hire?

Answer: This question is somewhat difficult to answer because Agency scientists work in various scientific fields. They are not exclusively focused on neurotoxicity. Two offices provide scientists who review reregistration data for neurotoxicity. The Office of Pesticide Programs (OPP) evaluates neurotoxic effects in the context of all toxic effects, and those scientists who evaluate data describing neurotoxic effects may also review other kinds of toxicology data as well. The backgrounds of these scientists are varied. Their training may be in biology, pharmacology, or toxicology, among other disciplines. There is one neurotoxicologist on the staff. Two other scientists have special expertise in this field. In addition, there are 24 scientists in the Office of Research and Development (ORD) working in the field of neurotoxicology.

ORD has been supporting research in the area of neurotoxicology for approximately 14 years. This research program is broad based and covers a variety of neurological endpoints including neurobehavior, neurochemistry, neurophysiology and neuropathology. Research is conducted on both animals and humans for the following purposes: 1) to develop test methods for evaluating the effects of pollutants on the nervous system, 2) to determine the mechanisms whereby neurotoxicants exert their effect in order to improve our ability to accurately determine risk, and 3) to develop dose-response data to directly support the Agency regulatory development process and develop risk assessment guidelines.

EPA will be issuing new guidelines on neurotoxicity testing for pesticides which will create a need to augment the Agency's expertise in neurotoxicology. During the next round of hiring, which is expected later in FY 1990 to prepare for the increased FY 1991 workload level, OPP would like to hire 3-4 scientists whose principal focus would be neurotoxic effects.

LEAD

Question: In December of 1989, the Science Advisory Board Joint Study Group on Lead recommended that EPA develop a national policy on blood lead levels and conduct research to obtain mass-balance data on lead in the human environment and information on the routes by which humans are exposed. Is there sufficient funding for this critical research effort in your proposed budget?

Answer: Yes, there is sufficient funding in our budget for this critical research. The Agency has taken steps to bring together representatives from all Program Offices (Office of Air Research, Office of Drinking Water, Office of Solid Waste and Emergency Response, Office of Toxic Substances) as well as Office of Policy Planning and Evaluation and Office of Research and Development, to ensure Agency consistency concerning blood lead levels associated with adverse health effects and to develop strategies to reduce undue lead exposure. As part of this effort, evaluations and research have been initiated: 1) to obtain information on mass balance flow of lead from mining/extraction through commercial use to ultimate disposal; 2) to improve characterization of exposure pathways and relative source contributions to human exposures; and 3) to evaluate effectiveness of existing abatement approaches and/or to facilitate development of new, less expensive abatement technology. The FY 1990 Appropriation provided: 1) $2 million to Office of Toxic Substances for direct support to the Department of Housing and Urban Development with regard to lead-based paint abatement; and 2) $2.9 million to EPA's Office of Research and Development to fund a multimedia lead research initiative, which includes evaluation of human exposure pathways and various other issues such as improving abatement technology.

LEAD ACTIVITIES

Question: How much money overall in FY 91 will be spent on reducing lead in the environment?

Answer: EPA's efforts to reduce lead in the environment cut across several programs and media, including the Office of Drinking Water, the Office of Solid Waste and Emergency Response, the Office of Pesticides and Toxic Substances, the Office of Air and Radiation, and the Office of Research and Development. The resources budgeted in these offices for lead activities in FY 1991 total approximately 49.2 FTE and $9.4 million.

United States General Accounting Office

GAO

Testimony

For Release
on Delivery
Expected at
9:30 a.m. EST
Wednesday
March 7, 1990

Observations on the Environmental Protection Agency's Budget Request for Fiscal Year 1991

Statement for the Record by
Richard L. Hembra, Director
Environmental Protection Issues
Resources, Community, and Economic Development
Division

Before the
Committee on Environment and Public Works
United States Senate

GAO Form 160 (12/87)

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to offer our views on the President's fiscal year 1991 budget request for the Environmental Protection Agency (EPA).

There is now widespread agreement that the nation has reached a crossroads in environmental policy and that fundamental changes must be made in the way we deal with environmental problems. In response to these heightened expectations for strong environmental action, the fiscal year 1991 budget request proposes $5.6 billion for EPA. This proposal includes a 12 percent increase in EPA's operating budget--from $1.92 billion to $2.15 billion--cited as one of the largest increases for any federal agency. The remainder of the proposed budget for EPA primarily supports the agency's Superfund and Wastewater Construction Grants programs.

As we discuss in detail later, this increase needs to be put in perspective. A number of EPA's programs are receiving additional funding, but when inflation and federal pay increases are accounted for, funding for most programs is being increased marginally or is being cut. In many cases, the funds to be provided represent only a small downpayment on the long-term costs of protecting the environment. Furthermore, the proposal does not acknowledge the difficulties that state and local governments are having in coming up with their share of the required resources, which in the aggregate may run into billions of dollars. As a result, if environmental cleanup and protection continue to be funded at current levels, the pace and extent of environmental improvement may not meet public expectations.

Because of the extent and magnitude of our environmental problems and the level of resources available to EPA, the agency needs to more effectively direct its resources to the most pressing problems and to look for opportunities to better leverage private, state, and local funds to adequately deal with them. Based on our 1988 management review of EPA, we recommended a number of actions that EPA could employ to better manage its resources.[1]

OVERVIEW

Public opinion polls consistently identify protection of the environment as one of the nation's top priorities. In part, this concern is prompted by the tremendous costs the nation has had to pay to clean up the environment as well as by its inability to rectify past problems, much less deal effectively with emerging pollution issues. Over the last 20 years, the United States (industry, the federal government, states, and localities) has invested some $700 billion in pollution control; it currently spends close to $90 billion a year, or about 2 percent of its gross national product, to correct and prevent environmental problems.

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[1] Environmental Protection Agency: Protecting Human Health and the Environment Through Improved Management (RCED-88-101, August 16, 1988)

Reflecting a desire to more effectively address these environmental challenges, legislation--which GAO supports--has been introduced to elevate EPA to cabinet status and create a Department of Environment. Many other bills have been introduced and the Congress has demonstrated a strong interest in dealing with new environmental problems, such as global warming. The Congress' environmental agenda over the next few years promises to be full.

Notwithstanding the additional emphasis that the administration has given to environmental issues, it has been pointed out that the proposed 12 percent increase in EPA's operating programs budget only brings the budget back to the level it was in fiscal year 1979, taking inflation into account. Yet, since that time the agency has seen its workload expand enormously, with new and substantial responsibilities for hazardous waste regulation and drinking water protection, among others.

In addition, EPA's total budget request of $5.6 billion is essentially the same as the amount appropriated for fiscal year 1990. Thus, the 12 percent operating programs budget increase occurs because funding for construction of wastewater treatment plants is being reduced from $2.0 billion to $1.6 billion. In other words, this $400 million reduction would be offset by almost equal increases in Superfund and EPA's operating programs.

UNMET NEEDS

Six key areas illustrate the staggering but largely unmet needs facing the nation and how EPA's proposed budget addresses them.

Safe Drinking Water

First, safe drinking water. Recent amendments to the Safe Drinking Water Act will not only cost communities hundreds of millions of dollars a year to bring their water systems into compliance, but they will also require significant expenditures by EPA and the states for enforcement of the federal requirements. EPA officials acknowledge that the 10 percent increase proposed for the drinking water program--from the current estimate of $120.8 million for fiscal year 1990 to $132.6 million for fiscal year 1991--may not cover EPA's increasing enforcement resource needs, considering its other responsibilities and initiatives to protect drinking water. Moreover, the budget request does not address the multi-billion dollar costs currently facing communities in their efforts to comply with the new federal drinking water requirements.

Sewage Treatment Plant Construction

Sewage treatment plants are another area of serious financial concerns. Since 1973, EPA has provided over $50 billion in grants to states and localities for construction of sewage treatment plants. Based on an extensive 1986 survey, EPA estimated that about $60 billion was needed to meet the need for new plant capacity required for the current (1986) population and an additional $16 billion by the year 2005. These need estimates represent the capital costs needed to build publicly owned municipal wastewater treatment facilities to comply with the Clean Water Act. In addition, the estimates are limited to facilities for which a known water quality or public health problem could be documented.

The Water Quality Act of 1987 significantly changed the way wastewater treatment plant construction will be funded in the future. It replaced direct federal construction grants to communities with grants to states to capitalize state revolving loan funds, from which communities can borrow funds to construct needed plants.

State and local officials have expressed concern that these loan funds may not sufficiently replace construction grants. In addition, the administration has consistently proposed cutting federal funding, and the fiscal year 1991 request of $1.6 billion for plant construction represents a proposed decrease of about 20 percent from the appropriation for fiscal year 1990.

Beyond the cost of constructing plants, communities have the additional responsibility for operating, maintaining, and eventually replacing existing plants. These costs are also in the billions of dollars. Based on our work, it is doubtful that localities are setting aside sufficient funds through user fees to cover these costs. To the extent that adequate fees are not being collected for these purposes, the demand for federal assistance may increase in the future.

Nonpoint Source Water Pollution

Nonpoint source water pollution, such as runoff from agricultural lands and urban development, is another area in which needs are not being fully addressed. Billions of dollars have been spent to reduce water pollution from municipal sewage treatment and industrial plants (point source water pollution). However, EPA and other organizations have said that, even if further improvements occur in point source controls, pollution from nonpoint sources would still leave many of our lakes, rivers, streams, and estuaries polluted.

Because statutory authorities for nonpoint source control do not provide direct federal regulatory responsibility, EPA must rely on state and local programs. Under the Clean Water Act, the states were required to submit nonpoint source assessment and management programs to EPA for approval. Implementing these programs has been difficult for the states.

EPA has estimated that by 1994 states will face an 81 percent increase in their overall water pollution operating budget costs, excluding water treatment plant construction, because of new federal requirements and more complex operations. At the same time, federal funding has been declining. As a result, EPA estimates that the states will have a $322 million funding shortfall in 1994, not including project funding needs such as those for construction grants. In addition, the proposed fiscal year 1991 budget calls for a reduction of approximately $22.6 million in state nonpoint source management grants from $36.9 million estimated for 1990 to $14.3 million proposed for 1991. With the reduction in state grants, nonpoint source funding represents about 4 percent of EPA's proposed Water Quality budget, even though nonpoint source pollution is recognized as a significant contributor to water quality degradation.

Asbestos Abatement

One of EPA's functions is to build a coordinated federal and state program to manage the abatement of asbestos in buildings. The proposed fiscal year 1991 budget would continue this effort but with substantially less resources. After providing a total of about $245 million under its Asbestos-in-Schools Loans and Grants Program ($43.4 million in fiscal year 1990), EPA is requesting no additional funds for the program in fiscal year 1991. EPA's activities related to asbestos in schools are to be funded under its Asbestos-in-Buildings program, which is to receive about $7.7 million, a $4.3 million reduction from fiscal year 1990.

EPA estimates that 35,000 schools and 733,000 public and commercial buildings require asbestos abatement at a cost of over $50 billion. The extent to which states, localities, and building owners will be able to meet asbestos abatement requirements without some form of federal financial assistance is not known.

Superfund

The President's 1991 budget provides about $1.7 billion for the Superfund program, an increase of over $200 million. Although the long-term costs of the Superfund program are unknown, EPA recently estimated that federal costs for the 1,200 present Superfund sites will total $30 billion. This figure is understated because it omits future inflation and is based on the cost of cleaning up earlier sites that may be less complex than those now coming up for work. More importantly, the $30 billion estimate is for sites already in Superfund and thus should be viewed as only a current installment. About two years ago, we reported that the potential number of hazardous waste sites in the United States may be as high as 425,000. Even if only a small portion of this universe requires cleanup under Superfund, the budget consequences would be staggering.[2]

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[2] Hazardous Waste Problem Still Unknown (RCED-88-44, December 17, 1987)

Pesticides

EPA's proposed budget also reflects $14 million in additional user charges that would help offset EPA's costs to register new pesticides. However, in 1988 amendments to federal pesticide law, the Congress prohibited EPA from establishing any more fees on pesticide manufacturers who were required, under the amendments, to pay fees for reregistering existing pesticides. Consequently, unless the Congress is willing to reverse itself on this point, EPA will receive about $14 million less in revenues than the administration has estimated.

NEED FOR IMPROVED MANAGEMENT

When the magnitude of the problem greatly exceeds the resources available to deal with it, it is essential that every dollar be spent wisely. As mentioned earlier, our 1988 EPA management review identified several management initiatives that would help make the most of EPA's limited resources.

One such practice would be to better link planning--the development of goals and creation of priorities--with EPA's budget process. The budget process should be driven by decisions on what has been and what needs to be accomplished. But we found at EPA that the development of operating budgets drives operational planning, rather than the other way around. As a result, resources continue to be focused on traditional program activities rather than on the highest priorities. For example, of three air and radiation priorities that were included in the agency's priority lists for fiscal years 1987 and 1988, none were included as key issues in the budgets for either year.

We also found that EPA needs a better basis for evaluating its programs. Many of the agency's efforts are now assessed according to activity-based indicators--the kind of assessment usually referred to as "bean counting"--such as numbers of enforcement actions taken or permits issued. We have argued, however, that to manage its programs for environmental results, EPA needs to develop indicators of progress that are based on environmental conditions--improvements in air or water quality, for example. This kind of information, in our judgment, is not only more useful but is essential for making resource decisions based on effectiveness.

Finally, EPA needs to institute better financial and other management information systems, as well as better internal controls. All federal agencies should be using such systems and controls to guard against fraud, waste, and abuse. For this reason, we have endorsed the designation of a Chief Financial Officer and Chief Information Resources Officer within the Department of Environment that has been proposed in Senate Bill 2006.

CONCLUSION

In summary, EPA's proposed 1991 budget does not appear to match up well against the total costs required to address the nation's environmental problems and EPA's expanding legislative responsibilities. Because of this apparent mismatch, we believe it is more important than ever that EPA manage its programs, apply its resources, and coordinate with states and localities as effectively and efficiently as possible.

Federal Emergency Management Agency
Washington, D.C. 20472

MAR - 9 1990

The Honorable Quentin Burdick
Chairman
Committee on Environment and
Public Works
United States Senate
Washington, D.C. 20510-6175

Dear Mr. Chairman:

This is in response to your correspondence of February 20, 1990, requesting information on the budget request for Federal Emergency Management Agency (FEMA) programs that are under the jurisdiction of the Committee on Environment and Public Works.

The Disaster Relief Administration provides the resources necessary to manage the Disaster Relief Fund. The 1991 request includes 233 workyears and $11,647,000, an increase of $393,000 over 1990 for one half of estimated 1991 costs of pay raises ($170,000) and an adjustment of resources to fully fund requested workyears and activities.

The Disaster Relief Fund provides the basis for the President to authorize Federal assistance, in accordance with the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, to individuals and to State and local jurisdictions where a major disaster or emergency has been declared. The 1990 appropriation of $1,198,450,000 included a $1,100,000,000 supplemental appropriation to address the requirements created by the Loma Prieta earthquake. The 1991 request assumes a normal disaster year, and requests the eight-year average of annual obligations, based on the period 1981-1988, or a level of $270,000,000. This represents a prudent annual appropriation level for this fund, and is intended to provide for the expected occurrence of non-catastrophic disasters and emergencies.

The Committee does not authorize annual appropriations for the Disaster Relief Fund, rather there is a permanent authorization for these funds. The Committee is responsible for oversight of FEMA's disaster programs and would be responsible for any legislative amendments to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Presently, there is draft legislation pending consideration of the Congress proposing several technical amendments to the Act.

The Technological Hazards activity includes Radiological Emergency Preparedness (REP), which provides for the execution of FEMA's responsibilities in connection with off-site emergency planning around nuclear facilities, and Hazardous Materials (HAZMAT), which provides for FEMA participation in interagency efforts toward improving Federal, State and local response to hazardous materials incidents. The 1991 request totals 117 workyears and $11,262,000, an increase of $127,000 in salaries and expenses and $29,000 in Technological Hazards program dollars. This level of funding will allow for continued support to State and local governments in offsite emergency response planning around nuclear facilities in the REP program, and will provide modest increases for technical assistance and some exercise support to State and local governments in the HAZMAT program.

Site-specific charges under the REP program will be billed to the responsible utility licensee under the final rule on user fees (44 CFR 353). The Administration is proposing legislation to allow charging utility licensee's indirect costs associated with this program so that it will be possible to recover 100% of the REP program budget through fees collection, for direct deposit in the Treasury.

There is no legislative proposal requesting authorization for FEMA's responsibilities under the Superfund program, for whom the Committee also has oversight. Funding is provided to FEMA from Superfund, which is administered by the Environmental Protection Agency (EPA). Through an agreement, EPA provides funds for program activity, as well as for salaries and expenses.

FEMA is proposing no supplementals, rescissions or deferrals.

I hope this is responsive to your inquiry. If further information is needed, please have your staff contact our Office of Congressional Affairs at 646-4500.

Sincerely,

RH Morris

Robert H. Morris
Acting Director

THE SECRETARY OF THE INTERIOR
WASHINGTON

April 2, 1990

Honorable Quentin N. Burdick
Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510-6175

Dear Senator Burdick:

Thank you for your letter of March 13, 1990 concerning the fiscal year 1991 budget for the Fish and Wildlife Service and your request for specific information as it relates to the Service.

I have enclosed the March 27, 1990, statement of John F. Turner, Director of the Fish and Wildlife Service, before the Senate Appropriations Subcommittee, per your request for a written statement on the Service's 1991 budget. I have also enclosed a summary of all the Service's 1991 increases and decreases from 1990, as requested.

The last enclosure contains the responses to the remainder of the questions asked in your March 13th letter. Should you have any further questions with regard to the Service's 1991 budget, please contact John Turner directly. Thank you for your continued interest.

Sincerely,

Manuel Lujan Jr.

Enclosure

TESTIMONY OF JOHN F. TURNER, DIRECTOR, U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE SENATE APPROPRIATIONS SUBCOMMITTEE ON THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES, CONCERNING THE FISCAL YEAR 1991 BUDGET FOR THE U.S. FISH AND WILDLIFE SERVICE

March 27, 1990

Mr. Chairman, I would like to thank you for the opportunity to appear before you today to discuss the President's 1991 budget proposal for the U.S. Fish and Wildlife Service (Service).

At the level requested for 1991, funds will provide the necessary resources to continue the vital efforts and operations of the Service. These funds will enable the Service to fulfill our responsibilities to conserve, protect, and enhance fish and wildlife and their habitats for the continuing benefit of people. President Bush has consistently demonstrated his concern and commitment regarding environmental issues and problems, through personal involvement, professional initiatives, and political support. This budget request further expresses the President's commitment by placing a high priority on fish and wildlife issues. It challenges the Service, and encourages the public to confront and resolve those issues with resources that are economically feasible and goals that are environmentally beneficial.

The Nation is experiencing a rising level of participation in outdoor recreation, enjoyment of our natural resources, and interest in concerns about the health and welfare of the environment. There is a consensus within the Administration and throughout the Service that this presents us with an opportune time to implement a number of initiatives that will complement our role in protecting existing resources; supplement our efforts to restore those that have suffered losses; and enhance our ability to act now to prevent future threats.

FISCAL YEAR 1991 BUDGET OVERVIEW

The budget request for Fiscal Year 1991 is $935.6 million. This amount includes $535.6 million for current appropriations, which is an increase of $7.8 million over 1990 and an increase of $125.4 million over the 1990 President's Budget.

America the Beautiful

The major initiative proposed in this budget request is President Bush's America the Beautiful program. America the Beautiful supports the protection and restoration of natural resources through funding for enhanced resource protection and restoration and enhanced recreational opportunities. Under America the Beautiful, the Service is requesting $140.5 million. Included in this request are $30.5 million for endangered species activities; $35.9 million for wetlands protection, restoration and management; $15 million for activities under the North American Wetlands Conservation Act; $56.7 million for land acquisition; and $2.3 million for construction projects.

Endangered Species. The $30.5 million request for endangered species is an increase of $150,000 over the Fiscal Year 1990 funding level. This level of funding will allow the Service to fulfill requirements of the Endangered Species Act Amendments, increase listing of candidate species by five or six per year, and maintain the 1990 level of Endangered Species Grants to States. Necessary increases for these activities will be offset by savings realized from completed work on habitat conservation plans, and reduced activities for candidate nongame species.

Wetlands. In support of the President's goal of no net loss of wetlands, the Service is proposing $35.9 million for wetlands conservation activities. This is an increase of $11.8 million over the 1990 operating level. Our efforts will concentrate on three coordinated approaches: 1) protection to reduce loss of wetlands; 2) restoration and enhancement, including the Farm Bill program; and 3) research, education and mapping. By building on existing Service programs the requested increases will optimize the Service's ability to identify, protect and restore high priority wetland areas. The specific components of the increase requested under America the Beautiful for wetlands are the bay/estuary program (+$500,000); wetlands restoration and enhancement under the Farm Bill (+$2 million), the North American Waterfowl Management Plan (+$1.1 million) and on/off Service lands restoration (+$500,000). Increases are also requested to enhance refuge water supplies (+$2.8 million), and to conduct Federal/private cost sharing projects (+$2.4 million). Increases are requested for Research/education and mapping efforts including the National Wetlands Inventory (+$2 million), wetlands contaminant research (+$225,000) and initiation of a wetlands/migratory bird database (+$400,000). The research related to coastal wetlands loss will continue in Fiscal Year 1991 at reduced levels (-$200,000).

North American Wetlands Conservation Fund. A complementary effort for these activities is being proposed with a request for appropriations of $15 million for the North American Wetland Conservation Fund. These funds, in addition to the $10 million from anticipated revenues for the Fund, will provide us with the resources needed to accomplish the goals of the North American Waterfowl Management Plan and the Tripartite Agreement between the United States, Canada and Mexico. The funds will be used for land acquisition, restoration, enhancement and management of habitat in the United States and Canada. The estimated revenues of $10 million include $9 million in interest on the Federal Aid in Wildlife Restoration Fund and $1 million from fines and forfeitures collected pursuant to the Migratory Bird Treaty Act.

Land Acquisition. he amount requested for land acquisition in 1991 is $56.7 million. In addition to inholdings and increases for acquisition management, these funds will provide for 28 acquisition projects in 19 states for protection of natural resources. Further, the Service will be able to protect an estimated 50,000 acres of wetlands in 1991 using the $30.6 million in revenues from the sale of duck stamps, refuge entrance fees and import duties on arms and ammunition under the Migratory Bird Conservation Fund.

Construction. The $2.3 million for construction funds in America the Beautiful are for activities on three refuges to protect natural resources. The request includes $2.1 million to repair or replace bridges and roads needed at Okefenokee National Wildlife Refuge to protect the refuge from wildfires, $90,000 for study and design of repairs or replacement of the sewage treatment facility at Crab Orchard National Wildlife Refuge, and $133,000 for construction of a sewage system at Lacassine National Wildlife Refuge.

Legacy 99

As a complement to the President's America the Beautiful initiative, the Secretary is proposing a major infrastructure initiative in support of stewardship. This program will result in improved public lands and facilities and is intended to continue through the year of 1999, the 150th anniversary of the Department of the Interior. Resources requested under this program will ensure that the Service is able to implement actions to maintain and improve its lands and facilities. Funding requested for these efforts would include $45.9 million for cyclical maintenance, repair and rehabilitation, and equipment replacement; $9.4 million for construction planning and rehabilitation projects at seven refuges, hatcheries and research facilities; $13.5 million for dam safety inspection, repairs and rehabilitation; and $14.6 million for hazardous materials activities (cleanup, underground storage tank requirements, investigations and the irrigation drainage program).

African Elephant

The African Elephant Conservation Act of 1988 established a fund to provide assistance for conservation and protection of the African elephant. In Fiscal Year 1991 the Fund will be established as a separate account. The Service is requesting $1 million for this account in 1991. Funds will be used for the payment of rewards for information leading to a civil penalty or criminal conviction under this Act, and for assistance to African countries for enhanced research, conservation, management and protection. Additional funds will be available to the fund from anticipated donations, totaling $500,000.

Global Change

As part of the Administration's Fiscal Year 1991 initiatives, the Service is requesting $3.6 million for global change studies. These studies will address the rate and effects of sea level rise on wetlands, and ground breaking research to identify indicator species for detection of global change and determination of the effects of global change on fish and wildlife.

Resource Management

The Service's request for Resource Management is $420.7 million, an increase of $27.9 million above the 1990 funding level. A total of $66.4 million is requested for the Service's operational program under America the Beautiful.

Fish and Wildlife Enhancement. The request for Fish and Wildlife Enhancement is $64.2 million. This is an increase of $5 million over the 1990 adjusted level of funding. Funding for endangered species and wetlands are requested as part of the proposed America the Beautiful initiative. The Service will complete the field portions of a habitat assessment study for canvasbacks and a pilot study for Wetlands advanced planning in the Chesapeake Bay (-$125,000).

Refuges and Wildlife. The total request for Refuges and Wildlife is $169.7 million, a $12.1 million increase over the 1990 adjusted funding level. In Refuge Operations, requests for increases include $200,000 to detect and mitigate the effects of contaminants on Service land; $400,000 to increase our volunteer program; and $250,000 for studies related to potential oil and gas development on the Arctic National Wildlife Refuge.

The 1991 request provides for continuation of a $5.2 million increase provided in 1990 for the operation of refuges, as well as a substantial increase for refuge maintenance. As public education displays will be installed at the Oregon Coastal Aquarium, a $1,000,000 decrease is proposed. A reduction is also proposed for operational funds at Lake Ophelia National Wildlife Refuge (-$325,000), the refuge will be under caretaker status. Funding increases provided in 1990 for operation of Hawaiian and Alaskan refuges will be continued in 1991 with reductions made for completed projects. Although a decrease of $500,000 is proposed for the challenge grant program, I referred earlier to an increase of $2.4 million being requested in the Wetlands section for Federal/private cost sharing projects.

The funding for law enforcement activities includes increases of $750,000 for upgrading the Law Enforcement Management Information System in order for the Service to comply with incident reporting requirements, $300,000 for enhancing investigations of illegal commercialization of Great Lakes fishery resources, $250,000 for training and equipment to enhance the Service's drug enforcement capabilities, and $450,000 for full operation of the National Forensics Laboratory in Ashland, Oregon. A decrease of $150,000 is requested for African elephant conservation, as the Service is requesting $1 million for the African Elephant Conservation Fund.

An increase of $4.6 million is requested for migratory bird management. This increase will enable the Service to take advantage of opportunities for wetland restoration under the North American Waterfowl Management Plan and opportunities on private lands as well as providing for improvement of monitoring and survey activities. These increases will enable the Service to improve its ability to determine waterfowl population size and distribution, and will focus effort on the black duck and pintail. The Service will continue analysis of banding and management efforts related to nongame migratory birds at a reduced level resulting in a proposed decrease of $400,000.

Fisheries. The 1991 request for Fisheries is $53.8 million representing an increase of $6 million over the 1990 adjusted funding level. In 1991 we will be increasing the funding to 21 hatcheries involved in the production of Pacific salmon, steelhead trout, Atlantic and Gulf Coast striped bass, lake trout, and other species. The budget reflects an increase of $1.8 million for the Lower Snake River Compensation Plan to provide for full production levels to meet mitigation requirements. An increase of $925,000 is requested to enhance the Service's contribution to major interjurisdictional fisheries restoration programs. We are directing this increase to stations that coordinate restoration activities for Atlantic salmon, Atlantic and Gulf Coast striped bass, lake trout and other species including paddlefish and sturgeon. Finally, $250,000 for additional assistance for marine mammal tagging and related conservation and management activities is requested. The Service is implementing this marking program in Alaska that will provide essential information to help curtail the illegal take and trade of marine mammal parts.

Funding ($1,444,000) for operation of tribal fish hatcheries and assistance stations is included in this request. For Quinault, Alchesay, Williams Creek and Mescalero hatcheries, an increase of $200,000 is also requested. An increase of $400,000 is requested for the new hatchery at Nisqually, Washington.

To offset increases in fish food costs an increase of $370,000 is requested. Although a decrease of $200,000 is proposed in Fisheries, training will be continued at the National Training Academy and costs will be funded by Service offices receiving the training.

Research and Development. The request for Research and Development for 1991 is $69.1 million and contains increases discussed previously for global change and wetlands research. This is a net decrease of $1 million from the 1990 adjusted level of funding, resulting from the completion of studies and other projects for which further funding is no longer needed. This funding level contains full funding for operation of a number of research facilities including, for example, the Northeast Anadromous Fish Laboratory, Hagerman Laboratory, and the Southeast Fish Cultural Laboratory.

Funding provided in 1990 enabled the Service to reduce a backlog of tissue samples awaiting chemical analysis resulting in a reduction of $500,000.

An increase of $500,000 is requested for research on the decline of pintail ducks. The other changes requested include a discontinuation of the Fisheries and Wildlife Review (-$565,000), completion of specific studies on purple loosestrife, sea bird mortality, waterfowl survey techniques, mountain lions, and walrus. Nongame research will be maintained at $1.5 million in 1991.

Several fisheries research projects will also be discontinued in 1991, including the development of warm water instream flow methodology for the southeastern United States, and the northeast coastal areas study. The Service will complete the development of habitat suitability criteria related to anadromous fish in the Middle Snake River in 1990 and a reduction of $100,000 is proposed.

The Service is requesting an increase of $650,000 in Cooperative Fish and Wildlife Research Units for staff and operational funds.

General Administration. The total funding requested for General Administration is $63.9 million, which is an increase of $5.6 million over the 1990 adjusted funding level. Requested increases include $60,000 for improved internal controls, and $400,000 to provide adequate engineering expertise for

Service programs. Base adjustments totaling $5.3 million are included in the 1991 request for nationwide and regional fixed costs including space, telephones, postage and other operational costs. Reductions totaling $550,000 are requested pursuant to completion of the Lake Erie shoreline protection study and for African elephant conservation as the Service is requesting $1 million for the African Elephant Conservation Fund in 1991.

Funding for the National Wildlife Refuge Fund is being requested at a level of $9 million. These funds, combined with the $3.6 million in net refuge receipts from 1990, will provide a total of $12.6 million for payments to counties in 1991. This will provide for payments to counties at 75 percent of the fully authorized level.

The Fiscal Year 1991 budget funds the Sport Fish Restoration and Federal Aid in Wildlife programs, to promote sound stewardship of our fish and wildlife resources. It is estimated that $212.4 million will be available to sport fish restoration from receipts collected from taxes on fishing equipment, motorboat fuels and import duties. Federal Aid in Wildlife will have an estimated $134.3 million to support State projects in Fiscal Year 1991 from receipts from taxes on firearms, ammunition and archery equipment.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you may have.

FISH AND WILDLIFE SERVICE

The U.S. Fish and Wildlife Service conserves, protects and enhances fish and wildlife and their habitats with principal responsibilities and authority for migratory birds, threatened and endangered species, certain marine mammals, international resources and wildlife on lands under Service stewardship.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 1991 Estimate with 1990 Appropriation:

	1990 Appropriation		1991 Estimate		Change From 1990	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Appropriations:						
Resource Management	6,094	397,956	6,089	420,688	(5)	22,732
Construction	73	58,560	69	33,273	(4)	(25,287)
Land Acquisition	58	67,990	62	56,700	4	(11,290)
National Wildlife Refuge Fund - Payments in Lieu of Taxes	0	9,000	0	9,000	0	0
Rewards and Operations	0	0	1	1,000	1	1,000
North American Wetlands Conservation Fund	0	0	0	15,000	0	15,000
Subtotal, Appropriations	6,225	533,506	6,221	535,661	(4)	2,155
Permanent Accounts:						
Migratory Bird Conservation Account	157	30,600	157	30,600	0	0
National Wildlife Refuge Fund	26	6,040	26	6,040	0	0
Operation & Maintenance of Quarters	16	1,736	16	1,769	0	33
Federal Aid in Wildlife Restoration	50	129,000	50	134,300	0	5,300
Proceeds from Sales	0	200	0	200	0	0
Sport Fish Restoration Account	50	205,639	50	212,400	0	6,761
Contributed Funds	93	4,165	93	4,165	0	0
Reimbursements	390	0	374	0	(16)	0
African Elephant Conservation Fund	0	0	0	1,300	0	1,300
North American Wetlands Conservation Fund	0	0	17	10,000	17	10,000
Subtotal, Permanent and Trusts	782	377,380	783	400,774 *	1	23,394
Reductions Pursuant to P.L. 99-177:						
Resource Management	0	(5,139)				
Construction	0	(462)				
Land Acquisition	0	0				
Migratory Bird Conservation Account	0	0				
National Wildlife Refuge Fund	0	(96)				
Permanents and Trusts	0	(17,852)				
Subtotal, P.L. 99-177 Reductions	0	(23,549)	0	0	0	23,549
TOTAL, FISH AND WILDLIFE SERVICE	7,007	887,337	7,004	936,435	(3)	49,098

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* Includes $800,000 to be transferred from the Rewards and Operations Appropriation to the permanent account, African Elephant Conservation Fund.

Comparison of 1991 Estimate with 1991 Base Budget:

	1991 Base		1991 Estimate		Change From Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Appropriations:						
Resource Management	6,094	402,026	6,089	420,688	(5)	18,662
Construction	73	0	69	33,273	(4)	33,273
Land Acquisition	58	3,000	62	56,700	4	53,700
National Wildlife Refuge Fund - Payments in Lieu of Taxes	0	9,000	0	9,000	0	0
Rewards and Operations	0	0	1	1,000	1	1,000
North American Wetlands Conservation Fund	0	0	0	15,000	0	15,000
Subtotal, Appropriations	6,225	414,026	6,221	535,661	(4)	121,635
Permanents and Trusts:						
Subtotal	392	377,380	409	400,774	17	23,394
Reimbursements:						
Subtotal	390	0	374	0	(16)	0
Subtotal, Permanents and Advances	782	377,380	783	400,774 *	1	23,394
TOTAL, FISH AND WILDLIFE SERVICE	7,007	791,406	7,004	936,435	(3)	145,029

TABULAR INFORMATION and HIGHLIGHTS OF BUDGET CHANGES
(By Appropriation)

APPROPRIATION: RESOURCE MANAGEMENT

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation enacted, 1990			6,094	397,956
P.L. 99-177 Reduction				(5,139)
Adjusted FY 1990 Appropriation			6094	392,817
ADJUSTMENTS TO BASE:				
Adjustment for 1990 Impact of P.L. 99-177		5,139		
Adjustment for Administrative Efficiency		(3,354)		
Adjustment for Staffing Efficiency		(1,506)		
Additional Cost in 1991 for the 1991 Pay Raise		2,764		
Adjustment for Workers Compensation Payments		346		
Adjustment for Unemployment Compensation Payments		(267)		
Adjustment for Rental Payments to GSA		773		
Adjustment for CSRS/FERS Retirement Cost		1,135		
Adjustment for Departmental Working Capital Fund		27		
Adjustment for Federal Financial System (FFS)		554		
Adjustment for Federal Telephone System (FTS)		0		
Adjustment for Postage		260		
Adjustment for Commercial Phone		100		
Adjustment for Finance Center		100		
Adjustment for Pay/Pers		103		
Adjustment for Regional Office Fixed Costs		2200		
Adjustment for Drug Free Workplace		28		
Adjustment for Take Pride in America Campaign		-27		
Adjustment for One Additional Paid Day in FY 1991		834		
Total, Adjustments to Base			C	9,209
1991 Base Budget			6,094	402,026
Program Changes (Changes to base budget, detailed below)			(5)	6,977
Subtotal, Current Law			6,089	409,003
Program Changes, Proposed Law (America the Beautiful, detailed below)			1	11,685
Total Requirements (1991 Estimate)			6,090	420,688

Comparison by Activity/Subactivity

	1990 Appropriation		1991 Base Budget		1991 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Fish and Wildlife Enhancement:								
Endangered Species								
Listing	62	3,516	62	3,522	62	3,483	0	(39)
Consultation	89	3,724	89	3,744	89	3,691	0	(53)
Permits	24	858	24	889	24	874	0	(15)
Recovery	85	10,812	85	10,666	85	10,620	0	(46)
Grants to States	0	5,750	0	5,671	0	5,676	0	5
Subtotal, Endangered Species	260	24,660	260	24,492	260	24,344	0	(148)
Proposed Law Increment (ATB).					(1)	108	(1)	108
Ecological Services	484	23,458	484	23,492	476	22,657	(8)	(835)
Proposed Law Increment (ATB).					2	2,013	2	2,013
Environmental Contaminants	80	6,563	80	6,547	78	7,444	(2)	897
Proposed Law Increment (ATB).					0	503	0	503
National Wetlands Inventory	40	5,097	40	5,085	40	5,064	0	(21)
Proposed Law Increment (ATB).					0	2,021	0	2,021
Subtotal, F & W Enhancement	864	59,778	864	59,616	854	59,509	(10)	(107)
Proposed Law Increment (ATB).					1	4,645	1	4,645
Total, F & W Enhancement	864	59,778	864	59,616	855	64,154	(9)	4,538
Refuges and Wildlife:								
Refuge Oper. & Maintenance								
Operations	1,835	91,807	1,835	91,096	1,820	88,288	(15)	(2,808)
Maintenance	414	33,862	414	32,383	414	35,435	0	3,052
Subtotal, Refuge O&M	2,249	125,669	2,249	123,479	2,234	123,723	(15)	244
Proposed Law Increment (ATB).					0	5,201	0	5,201
Total, Refuge O&M	2,249	125,669	2,249	123,479	2,234	128,924	(15)	5,445
Law Enforcement Operations								
Wildlife LE	209	12,988	209	12,960	214	13,960	5	1,000
Fishery LE	41	2,212	41	2,231	42	2,531	1	300
Endangered Species LE	149	7,713	149	7,784	152	8,084	3	300
Subtotal, LE Operations	399	22,913	399	22,975	408	24,575	9	1,600
Migratory Bird Management	184	11,620	184	13,262	186	14,209	2	947
Proposed Law Increment (ATB).					1	1,997	1	1,997
Subtotal, Ref. & Wildlife	2,832	160,202	2,832	159,716	2,828	162,507	(4)	2,791
Proposed Law Increment (ATB).					1	7,198	1	7,198
Total, Ref. & Wildlife	2,832	160,202	2,832	159,716	2,829	169,705	(3)	9,989
Fisheries:								
Hatchery Oper. & Maintenance								
Anad. Fish Hatchery Oper	185	8,443	185	9,239	188	10,944	3	1,705
Inland/Gr. Lakes Hatch. Oper.	334	16,371	334	16,691	338	17,631	4	940
Hatchery Maint. & Rehab	0	7,978	0	6,471	0	6,471	0	0
Subtotal, Hatchery O&M	519	32,792	519	32,401	526	35,046	7	2,645
Lower Snake R. Comp. Fund	14	8,001	14	7,913	16	9,713	2	1,800
Fish & Wildl. Mgmt. Asst								
Anad. Fish Mgmt. Asst	81	5,058	81	5,071	82	5,341	1	270
Fish & Wildl. Mgmt. Asst	42	2,758	42	2,772	44	3,677	2	905
Subtotal, F&W Mgt. Asst	123	7,816	123	7,843	126	9,018	3	1,175
Subtotal, Fisheries	656	48,609	656	48,157	668	53,777	12	5,620

Comparison by Activity/Subactivity
(continued)

Research and Development:											
Fish & Wildl. Res. Cntr. O&M											
Contaminants Research........	246	13,386		246	13,407		246	12,154		0	(1,253)
Proposed Law Increment (ATB)							1	228		1	228
Wildlife Research............	274	17,655		270	16,772		268	15,008		(2)	(1,764)
Proposed Law Increment (ATB)							0	(1)		0	(1)
Fishery Research.............	308	16,328		308	16,354		299	13,969		(9)	(2,385)
Endangered Species Research..	76	6,100		76	6,086		76	6,044		0	(42)
Proposed Law Increment (ATB)							0	42		0	42
Research Maintenance.........	0	4,437		0	3,980		0	3,980		0	0
Subtotal, F&W Res. Ctr O&M.....	904	57,906		900	56,599		889	51,155	0	(11)	(5,444)
Proposed Law Increment (ATB).							1	269		1	269
Total, F&W Res. Ctr O&M........	904	57,906		900	56,599		890	51,424		(10)	(5,175)
Technical Development.........	127	6,769		131	7,367		133	10,682		2	3,315
Proposed Law Increment (ATB).							(4)	(185)		(4)	(185)
Cooperative Units.............	116	6,500		116	6,536		116	7,186		0	650
Subtotal, Res. & Develop.......	1,147	71,175		1,147	70,502		1,138	69,023		(9)	(1,479)
Proposed Law Increment (ATB).							(3)	84		(3)	84
Total, Res. & Development......	1,147	71,175		1,147	70,502		1,135	69,107		(12)	(1,395)
General Administration:											
Central Office Admin..........	262	14,495		262	15,295		262	14,805		0	(490)
Regional Office Admin.........	254	13,342		254	15,623		254	15,623		0	0
Servicewide Admin. Support....	0	26,772		0	29,484		0	29,484		0	0
Engineering Services..........	79	3,583		79	3,633		86	4,033		7	400
Subtotal, General Adm..........	595	58,192		595	64,035		602	63,945		7	(90)
Subtotal, Current Law...........	6,094	397,956		6,094	402,026		6,090	408,761		(4)	6,735
Proposed Law Increment (ATB).							(1)	11,927		(1)	11,927
Total, Appropriation............	6,094	397,956	0	6,094	402,026	0	6,089	420,688	0	(5)	18,662

Highlights of Budget Changes

	Change from Base	
	FTE/T	Amount
Endangered Species, Fish and Wildlife Enhancement	-1	-40

This entire subactivity is included in America the Beautiful; details follow.

Ecological Services, Fish and Wildlife Enhancement	-6	+1,178

Monitoring and evaluation of contaminants and mitigation activities at Elkins, West Virginia will be reduced (-141). Consultation on protection, mitigation and enhancement of fish and wildlife resources for FERC relicensing will be continued at a reduced level (-250).

Highest priority redevelopment activities and technical assistance will be continued in Maine (-306). Surveys of canvasback duck use and habitat value in the Chesapeake Bay will be completed (-50). The field portion of advanced wetlands planning in a subwatershed of the Chesapeake Bay will be completed in 1990 (-75).

The request for wetland restoration under the Farm bill (+2,000) is included under America the Beautiful; details follow.

	Change from Base FTE/T	Change from Base Amount
Environmental Contaminants, Fish and Wildlife Enhancement	-2	+1,400

The Service will initiate a program to ensure Underground storage tanks comply with EPA and State regulations (+1,000). Highest priority contaminant field staffing operations will be continued including documentation of toxic substances at Superfund sites (-100).

The funding requested for enhancement of the bay/estuary program is requested under America the Beautiful; details follow.

National Wetlands Inventory, Fish and Wildlife Enhancement	0	+2,000

The request for acceleration of mapping under the National Wetlands Inventory (+2,000) is included under America the Beautiful; details follow.

Refuge Operations and Maintenance, Refuges and Wildlife	-15	+5,445

Water quality monitoring, public information programs, and scientific research on Alaska refuges will be continued at reduced levels (-100). Maintenance tasks will have been completed in 1990 on Hawaiian/Pacific Island refuges (-300). Essential activities will be continued on refuges including resource management and protection (-532). The Service is not requesting funding for continuation of Alaska subsistence grants (-750). Adjudication and quantification of water fights continued in 1991 at reduced levels (-150). Displays for public education have been installed at the Oregon Coast Aquarium (- 1,000). Emphasis will be placed on the identification and remediation of contaminants including non-point pollutants (+200). Funding is requested to enhance the Service's volunteer program, thereby increasing the benefits to the Service's facilities and programs (+400). Operation of Lake Ophelia will continue under caretaker status (-325). 1002 Studies provide data essential for making decisions related to potential oil and gas activities in the Arctic NWR (+250). Funding for the challenge grant program is requested in America the Beautiful, for cost-sharing activities emphasizing wetlands (-500). The increase in maintenance will allow the Service to address the backlog of maintenance items on National Wildlife Refuges (+3,052).

The request for water rights (+2,800) and Federal/Private partnerships (+2,400) are included under America the Beautiful; details follow.

Law Enforcement Operations, Refuges and Wildlife	+9	+1,600

An increase is requested to modify and upgrade the computerized Law Enforcement Management Information System (LEMIS) (+750). Funding is requested to equip and train Service personnel to conduct drug control activities (+250). Increased Great Lakes law enforcement efforts are needed to reduce the illegal commercialization of Great Lakes lake trout (+300). Increased funding is requested for operations at the Forensics Lab to allow for full funding consistent with the purpose for which it was constructed (+450). The Service has requested funds for continuation of African elephant conservation activities under the African Elephant Conservation Fund and the Rewards and Operations Appropriations (-150).

Migratory Bird Management, Refuges and Wildlife	+3	+2,944

The Service will continue monitoring, management and assessment of nongame species at reduced levels (-400). In order to achieve the goals of the North American Waterfowl Management Plan, increases are requested to improve pintail surveys and production estimates (+594) and to improve migratory bird survey/banding (+750).

As part of the Service's 1991 wetlands initiative the request for Wetlands Database (+400), North American Waterfowl Management Plan (+1,100), and wetland restoration On/Off Service Lands (+500) are included under America the Beautiful; details follow.

	Change from Base FTE/T	 Amount
Hatchery Operations and Maintenance, Fisheries	+7	+2,645

An increase is requested to offset higher costs of fish food (+370). Funding is requested to provide an adequate level for operation of tribal hatcheries (+200). Fish cultural operations will be initiated in 1991 with completion of the Nisqually Hatchery (+400). Additional support is requested to maximize production of depleted nationally significant fishery resources including for example striped bass, pacific salmonids and lake trout (+975). Funding is requested to apply the most recent advances in the detection and treatment of diseases and to fully implement all methods and procedures in the Service's fish health policy (+900). Fisheries training will be funded by field stations receiving the training (-200).

Lower Snake River Compensation Plan, Fisheries	+2	+1,800

Additional funds are required for full operation to fishery facilities producing salmonids to meet mitigation requirements in the Snake River basin (+1,800).

Fish and Wildlife Management, Fisheries	+3	+1,175

Funding is requested to enhance the Service's coordination of restoration efforts for fisheries, including striped bass and lake trout (+925). To provide essential biological information and help curtail illegal take and trade of marine mammal parts an increase is requested (+250).

Fish & Wildlife Research Center O&M, Research & Development	-14	-5,175

Contaminants Research	+1	-1,025

In 1990 the Service will complete cooperative studies investigating the acidification and neutralization of watersheds and the effect of acidic environments on the ability of organisms to survive and reproduce (-750). The Service has addressed a significant portion of the samples awaiting chemical analysis (-500).

The request for investigation of contaminants in the Prairie Pothole Region (+225) is under America the Beautiful; details follow.

Wildlife Research	-2	-1,765

Compilation and publication of the Wildlife Review and other information transfer activities will not be continued in 1991 (-315). A biological control agent for purple loosestrife has been identified and tested (-100). Highest priority nongame research projects will be funded (-650). Research is needed to determine factors affecting pintail survival, productivity, and predict population trends (+500). A significant amount of information regarding sea bird mortality has been documented, disseminated and computerized (-200). Evaluation of the Alaskan duck breeding pair and brood production surveys will be completed in 1990 (-250). There should be no immediate adverse impact on Arctic nesting geese as a result of the proposed reduction in the Arctic Goose Education Program (-300). The final phase of research regarding the effects of native predators, the mountain lion, on ungulate populations will be completed in 1990 (-150). Funding for the quintennial joint U.S./U.S.S.R. walrus survey is proposed for reduction (-300).

Change from Base
FTE/T Amount

Fishery Research -9 -2,385

Compilation and publication of the Fisheries Review will be discontinued in 1991 (-250). The funding requested for the Northeast Anadromous Fish Lab will allow for complete staffing and operations at the facility (+100). Research on striped bass immunization, spawning, and stock identification will be continued at a reduced level (-500). Surveys and monitoring of Atlantic salmon and American shad in the Connecticut River basin will be reduced (-60). Work initiated in 1989 to determine methodologies to be used in determining appropriate water regulation schedules in reservoirs and below dams will be reduced (-300). Habitats in need of protection will be identified as a result of the natural resource inventory of Northeast Coastal areas conducted in 1990 (-150). Completion of a three year study on North Carolina Striped Bass in the Albemarle Sound and the Roanoke River will be delayed (-350). Studies on the habitat suitability potential for anadromous fish in the Middle Snake River above Brownlee Dam will be discontinued in 1991 (-100). Service activities to determine stock composition and enumerate salmon runs in the Yukon River will be reduced (-250). The second year of a three year effort to address the effects of the Swan Falls Agreement on fish and wildlife will be completed in 1990 (-525).

Endangered Species Research 0 0

This entire element is included in America The Beautiful; details follow.

Technical Development, Research & Development +2 +3,130

The Service will discontinue work on biological diversity inventory and assessment. Funding in past years has allowed the Service to develop a prototype system to assess and map biological diversity. The results will be documented and protocols for the methodology published so that they can be applied consistently nationwide (-300). Funding is requested to conduct studies of coastal estuarine communities and the changes to their habitats resulting from Global Climate Change (+3,630).

The request to continue the Louisiana Coastal Wetland Loss study at reduced levels is included in America the Beautiful (- 200); details follow.

Cooperative Research Units, Research & Development 0 +650

This increase will allow the Service to fill nine vacant positions and provide operational funding for existing cooperative research units (+650).

Central Office Administration, General Administration 0 -490

The increase will allow the Service to take corrective actions on material weaknesses (+60). The reconnaissance study of the Lake Erie shoreline will be completed in 1990 (-200). The Service is requesting $1 million for African elephant conservation under the African Elephant Conservation Fund and Rewards and Operations Appropriations (-350).

Regional Office Administration, General Administration 0 0

Servicewide Administrative Support, General Administration 0 0

Engineering Services, Central Office Administration +7 +400

An increase will enable the engineering staff to address additional responsibilities related to maintenance, dam safety, contaminant cleanup and others (+400).

	Change from Base	
	FTE/T	Amount
AMERICA THE BEAUTIFUL	+1	+11,685

AMERICA THE BEAUTIFUL
Operations (Resource Protection/Recreation)

Endangered Species, Fish and Wildlife Enhancement -1 -40

Increases provide for implementation of the endangered species amendments (+500) and for the acceleration of listing (+250). The Service will will continue sampling for toxic contamination in the Chesapeake Bay at reduced levels (-540). Projects directed at the conservation of nongame candidate species will be completed in 1990 (-250).

Ecological Services, Fish and Wildlife Enhancement +2 +2,000

Funding is requested to accelerate restoration of wetlands as authorized by the Food Security Act (Farm Bill) (+2,000).

Environmental Contaminants, Fish and Wildlife Enhancement 0 +500

The Service will expand the Bay/Estuary Program to address habitat assessment and protection of the Delaware Bay and Albemarle-Pamlico Sound (+600). The Chesapeake Bay Toxic contaminant program will be reduced (-100).

National Wetlands Inventory, Fish and Wildlife Enhancement 0 +2,000

The Service requests funding for intensification of the wetlands status and trends survey (+2,000).

Refuge Operations and Maintenance, Refuges and Wildlife 0 +5,200

Funding is requested for water rights acquisition at Stillwater WMA, to offset increasing delivery costs at Central Valley, California refuges and quantification, adjudication of water rights in the Southwest (+2,800). Federal/private Partnerships will allow for the Service to cost share for wetlands conservation with the private sector (+2,400).

Migratory Bird Management, Refuges and Wildlife 0 +2,000

Funding is requested to develop a wetlands database to identify areas important for wetland restoration and waterfowl use and to track and report accomplishments in wetland restoration (+400). In order to enhance the Service's ability to meet the goals and objectives of the North American Waterfowl Management Plan (NAWMP), funding is requested to conduct habitat improvement work in the Prairie Pothole Joint Venture and the Central Valley Joint Venture (+620) and for administration of the NAWMP through Joint Venture Coordinators located in 6 regions (+480). The Service proposes to conduct activities for the improvement of waterfowl habitat and wetlands protection through outreach activities and technical assistance with the private sector (+500).

Fish & Wildlife Research Center O&M, Research & Development 0 +225

Contaminants Research

The Service will increase research on the affects of agricultural contaminants in the prairie pothole areas (+225).

Technical Development, Research & Development 0 -200

The Service will continue highest priority research related to coastal wetlands loss at a reduced level (-200).

APPROPRIATION: CONSTRUCTION

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation enacted, 1990			73	58,560
P.L. 99-177 Reduction				(462)
Adjusted FY 1990 Appropriation			73	58,098
ADJUSTMENTS TO BASE:				
Adjustment for 1990 Impact of P.L. 99-177	0	0		
Other Adjustments	0	(58,098)		
Total, Adjustments to Base			0	(58,098)
1991 Base Budget			73	0
Program Changes, Current Law (Changes to base budget, detailed below)			(4)	33,117
Subtotal Current Law			69	33,117
Program Changes, Proposed Law (America the Beautiful, detailed below)			0	156
Total Requirements (1991 Estimate)			69	33,273

Comparison by Activity/Subactivity

	1990 Appropriation		1991 Base Budget		1991 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Construction and Rehabilitation								
Refuges	0	20,581	0	0	0	11,610	0	11,610
Hatcheries	0	11,057	0	0	0	4,250	0	4,250
Research Facilities	0	18,472	0	0	0	3,700	0	3,700
Dam Safety	0	6,650	0	0	0	13,515	0	13,515
Advance Planning	73	0	73	0	69	42	(4)	42
Subtotal, Const. & Reh.	73	56,760	73	0	69	33,117	(4)	33,117
Proposed Law Increment (ATB)			0	0	0	156		156
Anadromous Fish								
Grants	0	1,800	0	0	0	0	0	0
Subtotal, Current Law	73	58,560	73	0	69	33,117	(4)	33,117
Proposed Law Increment (ATB)					0	156	0	156
Total, Appropriation	73	58,560	73	0	69	33,273	(4)	33,273

Highlights of Budget Changes

	Change from Base FTE/T	Change from Base Amount
Refuges	0	+9,443

Funds are requested for Crab Orchard NWR, IL for hazardous waste removal (+6,000); for hazardous waste cleanup at Tinicum NWR, PA (+1,000); for construction of an airplane hangar at Selawik NWR, AK (+1,625); for bridge inspection/ repair in the Great Lakes Region (+342); for bridge repairs at Alligator River NWR, NC (+300) and for bridges at Mattamuskeet, NC (+176).

The funds for projects at Okefenokee (+2,100), Crab Orchard (+90) and Lacassine (+133) are included in America the Beautiful; details follow.

	FTE/T	Amount
Fish Hatcheries	0	+4,250

Funds are requested to repair Jones Hole NFH, UT access road (+2,750); and for construction of water sterilization and pollution abatement facilities at Coleman NFH, CA (1,500).

	FTE/T	Amount
Research Facilities	0	+3,700

Funds are requested to fund Patuxent WRC, MD hazardous waste cleanup (+1,000); and for Patuxent, MD Gabrielson lab asbestos abatement (+2,700).

	FTE/T	Amount
Dam Safety	0	+13,515

The Service proposes to fund construction at Lake Elmer Thomas Dam, OK (+5,800); for modifications of Little Grassy Dam, IL (+7,270); and to fund Servicewide dam inspections (+445).

AMERICA THE BEAUTIFUL

Construction - Resource Protection/Recreation

Construction projects that protect the resource or enhance recreational opportunities are included in America the Beautiful.

	FTE/T	Amount
Wildlife Refuge Construction	0	+2,323

The request for America the Beautiful includes funding to repair bridges at Okefenokee NWR, GA (+2,100); planning for a sewage plant at Crab Orchard NWR, IL (+90); and repairs to the sewage system at Lacassine NWR, LA (+133).

APPROPRIATION: LAND ACQUISITION

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation enacted, 1990			58	67,990
P.L. 99-177 Reduction				0
Adjusted FY 1990 Appropriation			58	67,990
ADJUSTMENTS TO BASE:				
Adjustment for 1990 Impact of P.L. 99-177				
Other Adjustments	0	0		
Total, Adjustments to Base			0	0
1991 Base Budget			58	67,990
Program Changes, Current Law (Changes to base budget, detailed below)			0	0
Subtotal Current Law			58	67,990
Program Changes, Proposed Law (America the Beautiful, detailed below)			4	(11,290)
Total Requirements (1991 Estimate)			62	56,700

Comparison by Activity/Subactivity

	1990 Appropriation		1991 Base Budget		1991 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Acquisition Management	58	3,000	58	3,000	62	7,500	4	4,500
Specifically Legislated	0	8,850	0	8,850	0	9,375	0	525
Endangered Species Act	0	13,560	0	13,560	0	7,300	0	(6,260)
Emergency Wetlands Act	0	30,730	0	30,730	0	20,875	0	(9,855)
FWS Act of 1956	0	10,350	0	10,350	0	10,150	0	(200)
Inholdings	0	1,500	0	1,500	0	1,500	0	0
	58	67,990	58	67,990	62	56,700	4	(11,290)
Subtotal, Current Law						67,990		
Proposed Law Increment (ATB)						(11,290)		
Total, Appropriation	58	67,990	58	67,990	62	56,700	4	(11,290)

Highlights of Budget Changes

	Change from Base	
	FTE/T	Amount
Land Acquisition	0	-11,290

This entire account is included in the America the Beautiful proposal. The breakout of the total land acquisition budget of $56.7 million which represents a decrease of $11.29 million from the base includes the following:

An increase in funding of $4.5 million is requested for Acquisition Management (+4,500). Funding is also requested for the acquisition of Inholdings (+1,500).

Land Acquisition funds are requested under authority of the Emergency Wetlands Act for purchases at the following refuges: Lake Thompson, SD (+1,000), Cape May, NJ (+3,500), Rachel Carson, ME (+2,000), J.N."Ding" Darling, FL (+2,500), Great Swamp (+1,375), Rainwater Basin, NE (+1,000), Chincoteague, VA (+1,000), Cypress Creek, IL (+1,000), Chase Lake Prairie, ND (+1,000), Alligator River, NC (+500), Sublette Meadows, WY (+2,000), Edwin B. Forsythe, NJ (+1,000), Klamath Forest, OR (+1,000), A.C.E. Rivers, SC (+1,500), Crystal River, FL (+500).

Funds are requested under authority of the Endangered Species Act for purchases at the following refuges: Bear Valley, OR (+800), Lamar Peninsula, TX (+1,500), Sacramento River, CA (+2,000), James River, VA (+2,000), National Key Deer, FL (+1,000).

Funds are requested under authority of the Fish and Wildlife Act for land acquisition at the following refuges: Lower Rio Grande Valley, TX (+6,900), Lower Suwannee, FL(+2,000) Ohio River Islands, WV (+1,250)

Funds are requested for Specifically Legislated refuges: Pettaquamscutt (+2,500), San Francisco Bay (+3,000), Minnesota Valley (+2,000) Tinicum NEC (+875) Bogue Chitto (+1,000).

APPROPRIATION: NATIONAL WILDLIFE REFUGE FUND

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation enacted, 1990			0	9,000
P.L. 99-177 Reduction				(96)
Adjusted FY 1990 Appropriation			0	8,904
ADJUSTMENTS TO BASE:				
Adjustment for 1990 Impact of P.L. 99-177	0	96		
Other Adjustments				
Total, Adjustments to Base			0	96
1991 Base Budget			0	9,000
Program Changes (Changes to base budget, detailed below)			0	0
Total Requirements (1991 Estimate)			0	9,000

Comparison by Activity/Subactivity

	1990 Appropriation		1991 Base Budget		1991 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Payments to Counties		9,000		9,000		9,000	0	0
TOTAL, APPROPRIATION	0	9,000	0	9,000	0	9,000	0	0

Highlights of Budget Changes

	Change from Base FTE/T	Change from Base Amount
National Wildlife Refuge Fund		

$9 million in appropriations are requested for the National Wildlife Refuge Fund. Combined with $3.6 million in receipts, from revenue producing activities on refuges, a total of $12.6 million will provide payments to counties in lieu of taxes.

APPROPRIATION: NORTH AMERICAN WETLANDS CONSERVATION FUND

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation enacted, 1990			0	0
P.L. 99-177 Reduction				0
Adjusted FY 1990 Appropriation			0	0
ADJUSTMENTS TO BASE:				
Adjustment for 1990 Impact of P.L. 99-177	0	0		
Other Adjustments				
Total, Adjustments to Base			0	0
1991 Base Budget			0	0
Program Changes, Current Law (Changes to base budget, detailed below)			0	0
Subtotal Current Law			0	0
Program Changes, Proposed Law (America the Beautiful, detailed below)			0	15,000
Total Requirements (1991 Estimate)			0	15,000

Comparison by Activity/Subactivity

	1990 Appropriation		1991 Base Budget		1991 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Proposed Law Increment (ATB):								
Acquisition		0		0		0	0	0
Habitat Management		0		0		14,400	0	14,400
Grants		0		0		0	0	0
Administration		0		0		600	0	600
Total, Appropriation	0	0	0	0	0	15,000	0	15,000

Highlights of Budget Changes

North American Wetlands Conservation Fund	Change from Base FTE/T	Change from Base Amount
	0	+15,000

The annual appropriation portion of this account is included in America the Beautiful. Funds are requested to support the President's goal of no net loss of wetlands through acquisition, restoration, management and technical assistance.

APPROPRIATION: REWARDS AND OPERATIONS (AFRICAN ELEPHANT)

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation enacted, 1990			0	0
P.L. 99-177 Reduction				0
Adjusted FY 1990 Appropriation			0	0
ADJUSTMENTS TO BASE:				
Adjustment for 1990 Impact of P.L. 99-177	0	0		
Other Adjustments				
Total, Adjustments to Base			0	0
1991 Base Budget			0	0
Program Changes (Changes to base budget, detailed below)			1	1,000
Total Requirements (1991 Estimate)			1	1,000

Comparison by Activity/Subactivity

	1990 Appropriation		1991 Base Budget		1991 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Payment of Rewards		0		0		200	0	200
Conservation Projects		0		0		770	0	770
Administration		0		0	1	30	1	30
TOTAL, APPROPRIATION	0	0	0	0	1	1,000	1	1,000

Highlights of Budget Changes

	Change from Base	
	FTE/T	Amount
Rewards and Operations (African Elephant)	0	+1,000

Funding is requested to support activities for the protection and conservation of the African Elephant. Funds are requested for: 1) payment of rewards for information which leads to a civil penalty or criminal conviction under authority of the African Elephant Conservation Act (P.L. 100- 478); 2) grants to support protection, management and conservation of the elephant; and 3) administration of the fund (+1,000).

APPROPRIATION: PERMANENTS AND TRUSTS

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation enacted, 1990			782	377,380
P.L. 99-177 Reduction				(17,852)
Adjusted FY 1990 Appropriation			782	359,528
ADJUSTMENTS TO BASE:				
Adjustment for 1990 Impact of P.L. 99-177		17,852		
Other Adjustments		0		
Total, Adjustments to Base			0	17,852
1991 Base Budget			782	377,380
Program Changes (Changes to base budget, detailed below)			1	23,394
Total Requirements (1991 Estimate)			783	400,774 *

Comparison by Activity/Subactivity

	1990 Appropriation		1991 Base Budget		1991 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Migratory Bird Cons. Acct	157	30,600	157	30,600	157	30,600	0	0
National Wildlife Refuge Fund	26	6,040	26	6,040	26	6,040	0	0
Op. & Maint. of Quarters	16	1,736	16	1,736	16	1,769	0	33
Federal Aid Wildlife	50	129,000	50	129,000	50	134,300	0	5,300
Proceeds from Sales	0	200	0	200	0	200	0	0
Sport Fish Restoration Acct	50	205,639	50	205,639	50	212,400	0	6,761
Contributed Funds	93	4,165	93	4,165	93	4,165	0	0
Reimbursements	390	0	390	0	374	0	(16)	0
African Elephant Conservation	0	0	0	0	0	1,300 *	0	1,300
North American Wetlands Consv.	0	0	0	0	17	10,000	17	10,000
Total, Permanents and Trusts	782	377,380	782	377,380	783	400,774	1	23,394

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* Includes $800,000 to be transferred from the Rewards and Operations Appropriation to the permanent account, African Elephant Conservation Fund.

Highlights of Budget Changes

	Change from Base	
	FTE/T	Amount
Migratory Bird Conservation Account No advance appropriation is requested for 1991. Revenues of approximately $30.6 million which will be deposited in the Migratory Bird Conservation Account will be used for the acquisition of high priority migratory bird habitat.		
African Elephant Conservation Fund Donations will be accepted and will be used to fund grants for the preservation, protection and management of the African Elephant. This includes $800,000 to be transferred from the African Elephant Conservation Fund Appropriation to this Permanent Account.	0	+1,300
Sport Fish Restoration Account This represents an increase in receipts for taxes on fishing equipment, motorboat fuel, and import duties. Funds will be used for grants to states for projects to restore, enhance and manage sport fishery resources.	0	+6,761
Federal Aid - Wildlife and Proceeds from Sales This represents an increase in receipts for taxes on firearms, ammunition and archery equipment, and Proceeds from Sales. Funds will be used for grants to states for wildlife restoration, enhancement and management.	0	+5,300
Operation and Maintenance of Quarters An increase of $33 thousand is anticipated as a result of changes in rental rates. Funds will be used for operation and maintenance of living quarters on Service facilities.	0	+33
Reimbursable The FTE decrease reflects a projected decrease in reimbursable work from other Agencies.	-16	0
North American Wetlands Conservation Fund An estimated $10 million in receipts from Migratory Bird penalties and interest from Federal Aid Wildlife will be available for wetlands acquisition, restoration, grants and assistance, pursuant to the North American Wetlands Conservation Act (P.L. 101-233).	+17	+10,000

QUESTIONS FOR SECRETARY LUJAN SUBMITTED BY SENATORS BURDICK AND CHAFEE

Proposed Changes in Revenues to Support the Fish and Wildlife Service

Question: What are the increases or decreases that are proposed in user fees or revenues to support (Fish and Wildlife Service) program objectives?

Answer: There are no proposed changes in user fees or revenues to support Fish and Wildlife Service objectives for 1991.

Proposed Legislation to Support the Fish and Wildlife Service

Question: Are there any necessary or contemplated legislative initiatives to implement any part of the Service's FY91 budget request or program objectives?

Answer: There is no necessary or contemplated legislation required to support the Service's 1991 budget, including the part of their budget relating to America the Beautiful. The Administration has recently determined that the only legislation required for the programs included in the America the Beautiful initiative is for the Plant-a-Tree Foundation.

Proposed Rescissions, Deferrals or Supplementals

Question: Please indicate if any rescissions, deferrals or supplementals are proposed for FY91.

Answer: There are no rescissions, deferrals or supplemental appropriations requests proposed for the Fish and Wildlife Service for 1990 or 1991.

QUESTIONS FOR SECRETARY LUJAN SUBMITTED BY SENATOR BURDICK

Refuge Revenue Sharing Payments

Question: Why does the Fiscal Year 1991 request not provide 100 percent of the payments to counties required under the Refuge Revenue Sharing Act?

Answer: The Department of the Interior (Department) supports full funding for refuge revenue sharing as a goal that we would like to achieve. However, at this time, funding for other fish and wildlife priorities and the need for fiscal constraint have precluded us from requesting 100 percent of the funding.

Question: Why does the Interior provide the Service with funds sufficient to pay only 75 percent of what it owes counties while it provides the Bureau of Land Management (BLM), a sister Interior Department agency, with funds sufficient to make full payments under its in lieu of tax program?

Answer: As stated in the previous answer, the Department would like to be able to fund both programs in full. However, in 1991 we were able to request $9 million for the Service, the same level as appropriated in 1990.

Question: In North Dakota, all land purchases by the Service must be approved by the county commission before the governor will give approval. This approval is placed in serious jeopardy by the failure to request full refuge revenue sharing payments. Yet, according to the Interior Department's North American Waterfowl Management Plan, North Dakota contains the critical U.S. breeding habitat for the continent's ducks. What effect will the Department's continued failure to make full payments to counties in our State have on meeting the goals of the Plan and maintaining duck populations?

Answer: We are aware of the importance of the wetlands of North Dakota and are concerned about the impact of less than full funding on some of these areas. The Department will strive to meet the goal of full refuge revenue sharing in the future. This will facilitate meeting the goals of the North American Waterfowl Management Plan.

QUESTIONS FOR SECRETARY LUJAN SUBMITTED BY SENATOR MITCHELL

Cooperative Endangered Species Program

Question: Why were no funds requested from the Cooperative Endangered Species Conservation Fund for grants to states under Section 6 of the Endangered Species Act?

Answer: It was the understanding of the U.S. Fish and Wildlife Service (Service) that while the Cooperative Endangered Species Conservation Fund provided authority for funding requests under Section 6i, it did not foreclose on the Service's request for independent appropriations to support the original Section 6 program. The Service request for Fiscal Year 1991 funding was, therefore, made as a continuation of previous funding under Resource Management within the Endangered Species programs, as was done in the 1990 appropriations.

Question: Under what authority was the Fiscal Year 1991 request of $5.676 million made for Section 6 grants to states? Please provide an opinion by the Solicitor concerning whether any such authority exists outside that provided under Section 6(i) of the Endangered Species Act.

Answer: The Fiscal Year 1991 funding request was made under the Endangered Species Act as a continuation of the previous fiscal year's funding procedures. The request was included under Endangered Species within the Resource Management activity.

We have requested the Solicitor's Office to provide a formal opinion on this issue. We expect this opinion to be available in April and we will forward it to the Committee at that time.

FISH AND WILDLIFE CONSERVATION ACT OF 1980 (MITCHELL AMENDMENT)

Section 13 of the Fish and Wildlife Conservation Act

Question: Please describe in detail what actions will be taken in Fiscal Years 1990 and 1991 to carry out Section 13 of the Fish and Wildlife Conservation Act of 1980. For each action to be taken, please provide the amount and source of funds and the number and location of personnel.

Answer: In Fiscal Year 1990, the Fish and Wildlife Service (Service) initiated a number of new projects to monitor the status and population trends of migratory nongame birds. These projects, to be conducted at both the Regional and Washington Office levels, will provide new information on the status of those species of nongame birds (e.g. colonial waterbirds, raptors, and shorebirds) not well monitored by existing national surveys such as the Breeding Bird Survey. Research will continue on quantitative and qualitative needs for migration and wintering habitats. These activities are a direct response to paragraph (1) of Section 13 of the Fish and Wildlife Conservation Act of 1980, to "monitor and assess population trends and status of species, subspecies, and populations of all migratory nongame birds."

In Fiscal Year 1991, the Service will be able to continue operational support for the nongame component of the Bird Banding Laboratory (3 full-time staff biologists), the Breeding Bird Survey (1 full-time staff biologist), and limited national coordination of the nongame migratory bird program (2 full-time staff biologists). This funding level will not allow continuation of new monitoring programs for shorebirds and raptors, two groups not well covered by the Breeding Bird Survey.

Research personnel involved in these activities include 32 in Fiscal Year 1990 and 29 in Fiscal Year 1991. Personnel locations are as follows:

	FY1990	FY1991
Alaska Fish and Wildlife Research Center Anchorage, Alaska	5	4
National Ecology Research Center Fort Collins, Colorado	9	8
Northern Prairie Wildlife Research Center Jamestown, North Dakota	2	2
Patuxent Wildlife Research Center Laurel, Maryland	16	15

A detailed list of activities follows:

NONGAME MIGRATORY BIRD ACTIVITIES FOR FY 1990 AND 1991

2/26/90

RESEARCH AND DEVELOPMENT

PROJECT TITLE/DESCRIPTION	Office	FY 1990 Funding * $000	PROJECT TITLE/DESCRIPTION	Office	FY 1991 Funding $000
Population status and habitat requirements of the bristle-thighed curlew	Region 8	$148.1	Population status and habitat requirements of the bristle-thighed curlew	Region 8	$35.0
Techniques for surveying/monitoring shorebirds & raptors	Region 8	$148.1	Techniques for surveying/monitoring shorebirds & raptors	Region 8	$0.0
Migratory shorebird use of wetlands in the southern Great Plains	Region 8	$98.7	Migratory shorebird use of wetlands in the southern Great Plains	Region 8	$60.0
Forest fragmentation effects on wintering areas and its impact on breeding birds	Region 8	$98.7	Forest fragmentation effects on wintering areas and its impact on breeding birds	Region 8	$20.0
Relationships between seabirds and their prey in Alaskan waters	Region 8	$100.7	Relationships between seabirds and their prey in Alaskan waters	Region 8	$102.0
Interactions between seabirds and commercial fisheries in the Gulf of Alaska and Bering Sea	Region 8	$1.0	Interactions between seabirds and commercial fisheries in the Gulf of Alaska and Bering Sea	Region 8	$0.0
Adult survival and breeding energetics of black-legged kittiwakes on Middleton Island, Alaska	Region 8	$218.5	Adult survival and breeding energetics of black-legged kittiwakes on Middleton Island, Alaska	Region 8	$214.3
Nesting, population status and foraging ecology of interior least terns and piping plovers on the lower Platte River in Nebraska	Region 8	$25.2	Nesting, population status and foraging ecology of interior least terns and piping plovers on the lower Platte River in Nebraska	Region 8	$25.5
Migration patterns and racial affinities of dunlin, western, sandpipers, and rock sandpipers in Alaska	Region 8	$29.6	Migration patterns and racial affinities of dunlin, western, sandpipers, and rock sandpipers in Alaska	Region 8	$15.0
Habitat use and requirements of postbreeding and migrant shorebirds in Alaska	Region 8	$29.6	Habitat use and requirements of postbreeding and migrant shorebirds in Alaska	Region 8	$15.0
Nesting ecology, habitat use and migration of black turnstones from the Yukon-Kuskokwim Delta	Region 8	$26.1	Nesting ecology, habitat use and migration of black turnstones from the Yukon-Kuskokwim Delta	Region 8	$26.4

RESEARCH AND DEVELOPMENT PROJECT TITLE/DESCRIPTION	Office	FY 1990 Funding * $000	PROJECT TITLE/DESCRIPTION	Office	FY 1991 Funding $000
Application of new telemetry techniques to migratory bird problems	Region 8	$158.1	Application of new telemetry techniques to migratory bird problems	Region 8	$110.2
Population dynamics, habitat requirements and limiting factors of Atlantic coast waterbirds	Region 8	$190.1	Population dynamics, habitat requirements and limiting factors of Atlantic coast waterbirds	Region 8	$0.0
Use of agricultural habitats by wintering neotropical migrants	Region 8	$239.1	Use of agricultural habitats by wintering neotropical migrants	Region 8	$242.2
Status and habitat of passerine birds on western riparian habitats	Region 8	$165.8	Status and habitat of passerine birds on western riparian habitats	Region 8	$173.0
Characteristics of nesting and behavioral ecology of migratory birds west of the Miss. River	Region 8	$76.0	Characteristics of nesting and behavioral ecology of migratory birds west of the Miss. River	Region 8	$0.0
Studies of systematics, distribution and biology of N. American birds	Region 8	$158.2	Studies of systematics, distribution and biology of N. American birds	Region 8	$170.0
Habitat requirements of migratory birds in the Gulf of Mexico coastal region	Region 8	$9.9	Habitat requirements of migratory birds in the Gulf of Mexico coastal region	Region 8	$0.0
Monitoring migratory bird populations in undisturbed forest blocks	Region 8	$88.2	Monitoring migratory bird populations in undisturbed forest blocks	Region 8	$227.0
Effects of disturbance on habitat use by Atlantic coastal waterbirds	Region 8	$49.4	Effects of disturbance on habitat use by Atlantic coastal waterbirds	Region 8	$113.4
Total		$2,059.1	Total		$1,549.0

* Amounts reflect sequestration

MIGRATORY BIRD MANAGEMENT

PROJECT TITLE/DESCRIPTION	Office	FY 1990 Funding * $000	PROJECT TITLE/DESCRIPTION	Office	FY 1991 Funding $000
Seabird information studies	Region 1	$39.5			
Ecology of reddish egrets	Region 2	$24.7			
Identify critical nongame sites	Region 2	$24.7			
Refuge management of nongame	Region 3	$9.9			
Cooperative studies	Region 3	$39.5			
Monitor nongame habitat use	Region 4	$39.5			
Nongame bird management workshop	Region 5	$19.7			
Survey wetland breeding birds	Region 5	$9.9			
Survey interior forest birds	Region 5	$19.7			
Limiting factors for black terns	Region 5	$9.9			
Shorebird study on Salt Lake	Region 6	$24.7			
Pelagic shorebird database	Region 6	$34.5			
Great Lakes Colonial Waterbird survey	Region 9	$24.7			
Publish breeding census, life history accounts, and info leaflets	Region 9	$24.7			
Raptor census and trends	Region 9	$24.7			
International shorebird survey and habitat use	Region 9	$19.7			
Common loon winter ecology	Region 9	$4.9			
Operational support of bird banding lab (nongame component)	Region 9	$796.6	Operational support of bird banding lab (nongame component)	Region 9	$807.0
Total		$1,191.4	Total		$807.0

* Amounts reflect sequestration

QUIESTIONS FOR SECRETARY LUJAN FROM SENATOR CHAFEE

America the Beautiful and Legacy 99

Question: In regard to the role of the Fish and Wildlife Service, do either "America the Beautiful" or "Legacy 99" require enactment of additional authorizing language or are these initiatives a conglomeration of existing programs?

Answer: No additional authorizing language is necessary with regard to the Fish and Wildlife Service. The Administration has recently been determined that the only legislation required for the programs included in the America the Beautiful initiative is for the Plant-a-Tree Foundation, in connection with the Forest Service's budget request. There is no legislation required for the Legacy 99 program.

The purpose for putting specific programs together under America the Beautiful is to highlight it as a special Presidential initiative focused on the environment and demonstrating the Administration's commitment to conservation and recreation, and to give an overall Departmental priority for such programs as wetlands and land acquisition, rather than emphasis on the individual bureaus. This new commitment is evident in the 1991 proposed funding levels where the America the Beautiful program request totals $366.3 million, a $69 million increase over the amounts appropriated for comparable programs in 1990.

Legacy 99 is a major initiative that complements America the Beautiful and is proposed to highlight the Department's commitment to repair and rehabilitate of its facilities in preparation for the 150th anniversary of the Department of the Interior in 1999. The 1991 request for Legacy 99 is $646 million, about $114 million more than enacted in 1990, significantly adding to existing programs.

Land Acquisition Funding

Question: Given the estimated backlog of over $1 billion worth of land acquisition priorities, please explain how you arrived at your request of $56.7 million for land acquisition projects funded through the Land and Water Conservation Fund?

Answer: The 1991 President's budget proposes a total of $250 million from the Land and Water Conservation Fund for land acquisition for the Fish and Wildlife Service, the National Park Service, the Bureau of Land Management and the Forest Service of the Department of Agriculture. This represents an increase of $35 million over the $215 million appropriated for Federal acquisition in 1990.

The Fish and Wildlife's share of the land acquisition funding, $56.7 million, was determined, as it was for each of the bureaus, by an Administration-wide land acquisition criteria ranking system. For 1991 the Department worked closely with the Forest Service to refine the criteria that was established in 1990 and to ensure agreement over the selected criteria. Greater weight was given for 1991 to biologically valuable wetlands and riparian areas and to projects which meet the individual missions of the bureaus. OMB agreed with the criteria. The amount of funding for each bureau was then determined by where their bureau projects fell in the integrated priority ranking process.

The Fish and Wildlife Service and the goal of achieving "no net loss" of Wetlands

Question: How do the Fish and Wildlife Service's plans and projects for wetlands conservation fit into the Domestic Policy Council Task Force on Wetland's efforts to develop recommendations for achieving a nationwide goal of "no net loss"?

Answer: The Service has developed a plan for wetlands conservation towards meeting the President's goal of "no net loss," referred to as the "Wetlands Action Plan." The plan is a review of all existing Service authorities which identifies strategies and recommended programs. The plan attempts to anticipate future public policy derived from the Executive and legislative branches.

Implementation of the plan will require further development of action items. The Service will not only coordinate with the bureaus within the Department of the Interior, but expects to include other Federal agencies, State and local agencies, and public/private entities as appropriate, in the implementation of the plan. Of course, this includes consultation with White House agencies, and offices including the Domestic Policy Council.

The Fish and Wildlife Service's Wetlands Action Plan

Question: Does the Fish and Wildlife Service intend to issue its own "Wetlands Action Plan"?

Answer: The Wetlands Action Plan will be issued by the Service. It applies only to the Service, and nothing in the plan is construed as amending, abrogating, or redefining any decisionmaking process or policy within the Department or the other bureaus and services. Additionally, the Department intends to develop a comprehensive wetlands plan. When that is completed, it is our intention to be able to ensure you, the Congress, and the public that the plan has the complete support of the Administration, and would be in fact the President's plan.

Army/EPA Memorandum of Agreement on Mitigation

Question: In developing recommendations on section 404 permit activities, will the Fish and Wildlife Service direct its field personnel to abide by the guidance contained in the Memorandum of Agreement on wetlands mitigation recently signed by the Environmental Protection Agency and the Army Corps of Engineers.

Answer: The Service has longstanding guidance, including a published Mitigation Policy, to direct its field personnel in preparing recommendations on section 404 permit actions. The Service has no intention, and sees no need, to modify this existing direction to field personnel, since the Memorandum of Agreement serves only to provide guidance on interpreting the section 404 (b) (1) Guidelines in a manner consistent with existing Service policies and guidelines.

Mount Graham Red Squirrel

Question: In light of some of the new questions and issues which have arisen since enactment of the Arizona-Idaho Conservation Act, in regard to the Mount Graham red squirrel population, does the Fish and Wildlife Service (Service) plan on restarting Section 7 consultation for the Mount Graham International Observatory?

Answer: As a result of the designation of critical habitat for the Mount Graham red squirrel on January 5, 1990, the Service is prepared to restart consultation. The U.S. Department of Agriculture has taken the position that the Arizona-Idaho Conservation Act prevents further consultation on this Action. The Department of Justice requested the Department to take no action pending its interpretation of the Act, and so far Interior has not taken a position. We have informed the Department of Justice of our interpretation of the Act on September 18, 1989, and again on March 6, 1990. This issue is the subject of a suit by the Sierra Club et al. v. Secretaries Lujan and Yeutter. At a March 26, 1990, hearing before the U.S. District Court (District of Arizona), the judge issued a preliminary injunction against construction, effective for 120 days. The written decision of the court will not be available for two to four weeks and it is not clear at this point exactly what the basis for the court order will be.

African Elephant

Question: How do you expect the fact that several nations have taken reservations from the decision to list the African elephant on Appendix I of the Convention on the International Trade in Endangered Species of Wild Fauna and Flora to affect efforts to reduce poaching of threatened populations of African elephants?

Answer: The action taken by CITES along with other independent actions by several countries (such as the U.S. ban on ivory imports) had a profound effect on both the volume of ivory entering traded and the traditional pattern of that trade. The total volume of legal trade has declined significantly; until now it is virtually confined to the export of a small number of hunting trophies. The impact on the illegal trade is unclear, but currently, there is little evidence of it continuing. With few exceptions, those countries that have a tradition of ivory carving already have sufficient stockpiles to fulfil their needs in the immediate future. Thus, there is little incentive for them to seek new supplies of ivory either legally or illegally. Most of the interest in trading ivory has come from those exporters such as Hong Kong trying to offload stockpiles. The reservation taken by the United Kingdom in their behalf was to allow for re-exports. Still, finding a buyer is now more difficult. As ivory is a luxury product, the consumer is not dependent upon it in the same way as the carvers are. The ivory trade needs a consumer to purchase the end product. The countries that traditionally provided the bulk of the market are now effectively closed. However, it is likely to only be a matter of time before the trade finds other outlets. South Korea and Taiwan which are not Parties, appear to offer the main possibility of a continued market. Thus, the need for increased law enforcement, including anti-poaching in Africa.

The U.S. is against the taking of any reservations to the Convention as a matter of principle, as such action weakens the effectiveness of the Convention. The reservation taken by the United Kingdom and China are of particular concern, and may result in increases in poaching by stimulating trade. Nations holding reservations are allowed to continue trade as before the African elephant was upgraded from Appendix II, but only with nonparty or other reserving Nations. The impacts of the five African countries taking reservations are unclear at this time. Of those, South Africa has imposed its own moratorium.

While there is little evidence of continuing trade, and there are major stockpiles of ivory in Africa that cannot be traded, evidence suggest that poaching still continues. Even if the combination of a drop in ivory prices with increased local protection can slow the rate of poaching, tusks will still accumulate from natural mortality and stockpiles will grow. While a ban on the ivory trade has been critical to short-term elephant conservation efforts, increased assistance to African countries is vital to insure the ultimate conservation of the elephant.

Fisheries-USA Policy

Question: How does the Fiscal Year 1991 budget request reflect the Fish and Wildlife Service's (Service) recently announced "Fisheries-USA" policy?

Answer: Fisheries-USA, the Service's Recreational Fisheries Policy, was developed to encourage optimum use of Service capabilities to enhance the Nation's recreational fisheries. To a large extent, implementation will be a matter of emphasizing aspects of ongoing field projects that provide maximum benefit to recreational fisheries. A major objective is enhancing recreational fisheries on Service-owned lands, primarily national wildlife refuges. Along with base funding currently covering these activities, the Fiscal Year 1991 budget request includes increases in the Fish and Wildlife Management Assistance Subactivity to enhance technical capabilities for developing and revising fisheries management plans on national wildlife refuges, and in the Hatchery Operations and Maintenance Subactivity to increase fish production for recreational fisheries management on national wildlife refuges. Although recreational fisheries potential for Service lands exceeds the current management capability, the Fiscal Year 1991 budget provides an initial step toward meeting that potential.

Personnel Practices

Question: Is the Fish and Wildlife Service (Service) taking action in response to the recommendations in the January 1990, General Accounting Office (GAO) report on personnel practices?

Answer: Senior management is currently reviewing the recommendations contained in the GAO report and plans to implement appropriate action to correct any shortcomings in the personnel practices carried out by the Service.

Administrator
General Services Administration
Washington, DC 20405

March 8, 1990

The Honorable
Quentin N. Burdick
Chairman, Committee on
  Environment and Public Works
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter is in response to your February 20, 1990, request for a written statement on the fiscal year 1991 budget for the General Services Administration (GSA).

GSA's fiscal year 1991 budget totals almost $9 billion. Most of it will be financed in some form by our Federal customers. GSA's requested new budget authority of $254.5 million, a very small part of the total, is a reduction of $52.5 million from fiscal year 1990 appropriation levels. The 1991 budget program essentially supports ongoing programs at or below current levels, although there are several program initiatives.

For example, we plan to convert the Agency's accounting support from direct to reimbursable funding to permit full cost recovery through the pricing system for goods and services; those prices will now more closely reflect the actual costs of doing business. Increased audits and investigations and enhanced ADP support will require an additional $1.2 million for the Office of the Inspector General. Other initiatives include $1.2 million for increased protection and maintenance associated with our surplus real property inventory and $1.2 million for maintenance of debarment lists and a law clerk program for the Board of Contract Appeals.

In terms of employment, the budget assumes the full-time equivalent (FTE) of 19,476 personnel. The requested employment level is a net reduction of 71 below the level approved for fiscal year 1990. We believe that we have reached a basically stable work force after a period of substantial reduction; since 1981, GSA's average employment has decreased by over 43 percent, almost 15,000 positions.

For additional detail, I have enclosed a highlight summary that shows our fiscal year 1991 budget request by account and program, compared with amounts enacted for fiscal year 1990. The summary addresses Federal Buildings Fund activities and related amounts not included in budget authority targets.

The 1991 budget for the Federal Buildings Fund reflects GSA's commitment to providing quality space and services required by our clients in a timely manner, thereby enhancing our clients ability to accomplish their mission. At the same time, through our expertise and experience, GSA is working diligently to ensure the acquisition of space that will provide the best value to the Federal Government and the public.

In furtherance of these goals, we have initiated several actions that we believe are necessary to ensure the continued viability of the Federal Buildings Fund, which finances all Public Buildings Service activities. First, the fiscal year 1991 Rent rates reflect a full 100 percent passthrough of changes in the Consumer Price Index (CPI), rather than the 25 percent passthrough that was approved in previous years. Rent rates will be brought closer to the "commercial equivalency" that was originally envisioned when the Federal Buildings Fund was established by Congress, and will generate an additional $80 million for capital improvements in fiscal year 1991.

Second, as part of the proposed appropriation language for fiscal year 1991, we have included a General Provision that addresses the issue of Rent caps and freezes. The provision would authorize appropriations to offset any income reductions resulting from legal restrictions or limits on the rental payments that agencies make to GSA. The appropriations would be scored against the subcommittee that set the rental limitation. In fiscal year 1990 there are only two agencies with a Rent cap: the Department of Agriculture and the Food and Drug Administration. The income lost from these two agencies in fiscal year 1990 is estimated to be $64 million.

Even with these revenue enhancements, there remains a shortfall of resources within the Fund to fulfill new construction requirements that we have identified. Authorization for the development of these critically needed Federal facilities through lease-to-ownership has been addressed in the Least Cost Financing proposal. This authorization would enable GSA to acquire new government-owned space in a timely and cost efficient manner, thereby reducing the Government's reliance on more costly leased space.

The fiscal year 1991 budget as submitted does not anticipate any rescissions, deferrals or supplemental requests.

Responses to the specific questions enclosed with your letter of February 20, 1990, will be provided at a later date. I hope this information will assist you in making your recommendations to the Budget Committee.

With best wishes.

Sincerely,

Richard G. Austin
Acting Administrator

Enclosure

Congressional presentation

Estimates of appropriations for fiscal year 1991

Highlight summary

General
Services
Administration

GENERAL SERVICES ADMINISTRATION

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

The following provides a brief overview of the 1991 budget program for General Services Administration activities financed under the Treasury, Postal Service, and General Government Appropriations Act. Detailed information is provided in the Congressional Justification material (printed on blue stock).

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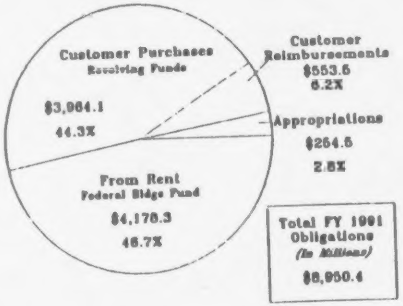
General Services Administration

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

BACKGROUND. Established July 1, 1949, by section 101 of the Federal Property and Administrative Services Act of 1949, GSA is organized into 4 services responsible for individual agency missions, and a number of staff offices that perform overall program management, administration, and certain Governmentwide regulatory and support functions. Operations are conducted through eight primary and three satellite geographic regions.

This 1991 budget summary is for GSA programs under the Treasury, Postal Service, and General Government Appropriations Act; this excludes the Consumer Information Center, which is funded under the Department of Veterans Affairs and HUD/Independent Agencies Appropriations Act.

THE 1991 PROGRAM. Using obligations as an indicator, GSA's 1991 budget program will total almost $9 billion to provide goods and services to the agency's Federal customers. Its programs are financed by three basic sources: income from customers (reimbursement for services, Rent payments for occupied space, or payment for goods and services under revolving funds); receipts and revenues available under permanent authority; and new appropriations enacted by the Congress. As shown in the figure at the left:



- Appropriations are required for less than 3% of the program. Of the total $254.5 million, $19.5 million will become available from receipts under permanent authorities, and Congress is requested to enact $235 million in new current appropriations.
- Direct Federal Buildings Fund obligations of $4.2 billion are almost 47% of the planned 1991 program, and support the full range of real property functions. Fund income is basically from Rent payments from Federal agencies for occupied space under GSA control.
- Over half of the 1991 budget program will be financed by customers through reimbursements for services or purchase of goods and services under revolving funds.

Annual congressional action is required to enact the new appropriations, and to enact new obligational authority permitting use of revenues for the Federal Buildings Fund.

FY 1991 employment supporting these functions is budgeted at 19,476 full-time equivalent (FTE) personnel.

General Services Administration

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

SUMMARY AND COMPARISON OF THE REQUEST. Total requested 1991 budget authority is $254,527,000: $19,560,000 realized under permanent authorities and $234,967,000 in new appropriations. The following table compares requested 1991 new budget authority with amounts provided for 1990:

SUMMARY AND COMPARISON OF NEW BUDGET AUTHORITY/APPROPRIATIONS
$(Thousands)

	1990 Enacted	1991 Request	CHANGE
Operating Expenses, Federal Supply Service	47,644	52,243	+ 4,599
Oper. Exp., Information Resources Mgmnt Svc	32,480	39,268	+ 6,788
Oper. Exp., Federal Property Resources Svc	11,072	12,798	+ 1,726
Agency Relocation Expenses	7,942	8,000	+ 58
General Management and Administration	135,692	90,555	- 45,137
Office of the Inspector General	26,136	30,139	+ 4,003
Allowances & Office Staff for Former Presidents	1,808	1,964	+ 156
Grants, Federal Buildings Fund	25,220	--	- 25,220
Subtotal, New Appropriations	287,994	234,967	- 53,027
Permanent Budget Authority:			
Expenses, Disposal	3,747	3,800	+ 53
Exp. Trans. Contract Audits/Contr. Admin.	15,283	15,760	+ 477
TOTAL NEW BUDGET AUTHORITY	307,024	254,527	- 52,497

General Services Administration

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

In total, requested 1991 budget authority is $52.5 million below amounts available in 1990. The major changes between the two fiscal years are noted in the following table:

	AMOUNTS $(000's)
1990 Budget Authority	307,024
Program Changes:	
Convert Accounting Operations to Reimbursable Funding (net)	- 43,483
Other Centralized Support Functions	+ 5,214
Grants (GMA and Federal Buildings Fund)	- 38,204
Technological Upgrade Costs (GSAS)	+ 2,633
Inspector General Initiatives	+ 1,232
All Other	+ 5,091
Non-Program Changes:	
Pay Raise	+ 9,631
Inflation, Misc. Other, Net	+ 5,389
1991 Request, Budget Authority	254,527

The largest change represents converting the agency's accounting support from direct to reimbursable funding to permit full cost recovery through the pricing structure for goods and services; those prices will also now more closely reflect the actual costs of doing business. The net amount shown includes necessary increases to appropriated accounts for the cost of these services. Conversely, an increase of $5.2 million in budget authority is being requested to more properly direct-fund a number of centralized support service costs that are now borne by customers. The request also does not propose continuing strategic materials and other grants in 1991. An increase of $2.6 million is associated with site preparation and other costs of implementing the GSAS project, which will provide a fully integrated and compatible departmental computing architecture. Increased audits and investigations and enhanced ADP support will require an additional $1.2 million for the Office of Inspector General. Other initiatives include $1.2 million for increased real property protection and maintenance and $1.2 million for maintenance of debarment lists and a law clerk program for the Board of Contract Appeals.

Non-program changes reflect the impact of pay raises (50% of the anticipated January, 1991, raise has been absorbed), and the generally higher cost of continuing current operations.

The agency's 1991 employment is budgeted at the full-time equivalent (FTE) of 19,476 personnel, a net 71 below the level approved for 1990.

GENERAL SERVICES ADMINISTRATION

HIGHLIGHT SUMMARY - 1991 BUDGET ESTIMATES

GSA ORGANIZATION AND ACCOUNT STRUCTURE. For background, the following shows the organizations responsible for GSA's varied mission, and the methods by which related programs are funded.

ORGANIZATIONAL COMPONENT	MISSION AND FUNDING SOURCES
PUBLIC BUILDINGS SERVICE (PBS)	Provides construction, acquisition by purchase, and repair/alteration of public buildings, related design and construction services, leasing of space, operation and maintenance of facilities, and overall program management. Operations are conducted under a landlord-tenant type relationship, and activities are entirely supported by the Federal Buildings Fund, a revolving fund financed by revenues from rental payments from Federal agencies that occupy GSA-controlled space. The fund is subject to annual enactment of new obligational authority (limitations on the use of revenues). Customers also provide direct reimbursement for services above standard levels.
FEDERAL SUPPLY SERVICE (FSS)	Provides the procurement, management, and worldwide distribution of supplies and personal property, the direction and coordination of Governmentwide transportation and travel management programs, and related services. A direct annual appropriation, Operating Expenses, Federal Supply Service, funds property management, transportation audits and services, schedules contracting, and policy activities. Operation of the supply distribution and interagency motor fleet management systems are financed under the General Supply Fund, a revolving fund. Expenses of contracts with commercial firms for the audit of transportation billings, and the administration of those contracts, are financed from overcharges collected from vendors. This is a permanent appropriation.
INFORMATION RESOURCES MANAGEMENT SERVICE (IRMS)	Coordinates and directs comprehensive Government-wide programs for the management, procurement, and utilization of ADP, telecommunications, and office information equipment and services. Services are also provided to other agencies on a reimbursable basis in each of these fields. Operating Expenses, IRMS, a direct annual appropriation, funds overall program management, direction, and oversight, Governmentwide programs for the management, procurement and utilization of ADP, telecommunications, and office information equipment and services, and administrative expenses. Telecommunications and automatic data processing operations are financed under the Information Technology Fund, a revolving fund. Selected ADP and office information services are also provided on a direct reimbursable basis.
FEDERAL PROPERTY RESOURCES SERVICE (FPRS)	Provides for utilization and disposal of excess and surplus real property. Basic operating, personnel, and administrative costs are supported by the direct annual appropriation Operating Expenses, FPRS. Certain contractual costs associated with real property sales, such as advertising and appraiser, auctioneer, and broker fees are financed from sales proceeds under permanent authority. The Agency Relocation appropriation provides for relocating agencies from underutilized sites to permit sale of the valuable properties.
STAFF OFFICES	The Administrator and a number of staff offices provide overall direction, management, and administration of GSA programs, as well as other Governmentwide policy or regulatory functions, under an annual General Management and Administration appropriation, and by an annual appropriation for Inspector General functions. In addition, the GMA account provides reimbursable accounting and staff support services to GSA components, to small agencies, and to Presidential boards, committees, and commissions. The Working Capital Fund provides fast turnaround printing and duplicating services for GSA and other agencies.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

SECTION 1. The appropriate appropriation or fund available to the General Services Administration shall be credited with the cost of operation, protection, maintenance, upkeep, repair, and improvement, included as part of rentals received from Government corporations pursuant to law (40 U.S.C. 129).

This section is required to provide for income from wholly-owned Government Corporations and other agencies.

SEC. 2. Funds available to the General Services Administration shall be available for the hire of passenger motor vehicles.

31 U.S.C. 1343 prohibits use of appropriated funds to buy or lease passenger motor vehicles unless specifically authorized by law. This provision is required to permit GSA to use commercially-provided vehicles when not available through Interagency Fleet Management System.

SEC. 3. Not to exceed 1 per centum of funds made available in appropriations for operating expenses and salaries and expenses, during the current fiscal year, may be transferred between such appropriations for mandatory program requirements. [Any] *Notice of any* transfers proposed shall be [submitted] *transmitted* promptly to the Committees on Appropriations of the House and Senate [for approval].

SEC. 4. Funds in the Federal Buildings Fund made available for fiscal year [1990] *1991* for Federal Buildings Fund activities may be transferred between such activities only to the extent necessary for mandatory program requirements. [Any] *Notice of any* transfers proposed shall be [submitted] *transmitted* promptly to the Committees on Appropriations of the House and Senate [for approval].

Sections 3 and 4 provide a modest level of transfer authority which could have the effect of reducing the magnitude of program supplementals required to implement responsibilities delegated to this agency. These provisions will allow us to provide for unforeseen emergencies immediately, thus eliminating delays while waiting for supplemental appropriations to be enacted. The provisions provide for oversight on the purpose of its usage by requiring that "...Notice of any transfers proposed shall be transmitted promptly to the Committees on Appropriations of the House and Senate."

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

[Sec. 5. Funds hereafter made available to the General Services Administration for the payment of rent shall be available for the purpose of leasing, for periods not to exceed thirty years, space in buildings erected on land owned by the United States.]

This section can be deleted since that language was made permanent.

Sec. 5. Notwithstanding any other provision of law, the Secretary of the Interior shall transfer to the General Services Administration, without consideration, approximately 11 acres of the United States Geological Survey Western Region Headquarters together with any improvements, structures and fixtures located thereon. The General Services Administration shall construct additional facilities for the United States Geological Survey on this site.

This new section authorizes the transfer of the United States Geological Survey's (USGS) facilities and land at Menlo Park, CA, to the GSA at no cost. In return, GSA will construct additional facilities on this site for USGS. Both GSA and USGS currently control facilities at this location. The consolidation of ownership will facilitate the orderly management of the buildings and grounds.

[Sec. 6. Notwithstanding any provisions of this Act or any other Act in any fiscal year, the Administrator of General Services is authorized and directed to charge the Department of the Interior for design and alterations to the Avondale, Maryland, property at rates so as to recover the approximate applicable cost incurred by General Services Administration in providing such alterations, and the Department of the Interior is authorized to repay such charges out of any appropriation available to the department and the payments shall be deposited in the fund established by 40 U.S.C. 490(f).]

This section can be deleted since that language was made permanent.

Sec. 6. (a) Notwithstanding any other provision of law, there is authorized to be appropriated in fiscal year 1991 and thereafter to the Fund established pursuant to section 210(f)(1) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), an amount equal to such reductions in income to the Fund in any fiscal year as may be caused by any provision of law which results in an agency of the Federal Government or any other Federal entity paying to the Administrator of General Services a lesser rate per square foot for rental of space and services (established pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended) than the rate per square foot established for the space and services by the General Services Administration for that fiscal year. The amount so authorized will be determined by the Office of Management and Budget, after consulting the Congressional Budget Office, and notice will be transmitted promptly to the Committees on Appropriations of the House and Senate.

(b) There are hereby appropriated, from the general fund of the Treasury, such sums as may be necessary to carry out the purposes of subsection (a).

(c) Notwithstanding any other provision of law, such funds as are to be appropriated to carry out the purposes of subsection (a) will be estimated and reported for purposes of section 302(a)(1)(A) of Public Law 93-344, as amended (2 U.S.C. 633(a)(1)(A)), as budget authority and outlays of the subcommittee of the Committee on Appropriations which has jurisdiction over the programs of any Agency or Agencies which will, as a result of a provision of law, pay a lesser rate per square foot for rental of space and services than that established by the General Services Administration pursuant to section 201(j) of the Federal Property and Administrative Services Act of 1949, as amended.

As a result of limitations and/or reductions within the appropriations Acts of other agencies, several agencies have been allowed to make payments to GSA for space and services at rates below the commercially equivalent rent. These actions have served to diminish GSA's ability to maintain the viability of the Federal Buildings Fund.

In most instances it is impracticable to reduce space and/or service levels commensurate with the reduction in rental payments. This is especially true in those multi-tenant buildings where extant contracts and/or the configuration of support systems does not allow GSA to selectively reduce service levels.

New Section 6 (Continued):

This language proposes that the Office of Management and Budget together with the Congressional Budget Office jointly determine the amount by which GSA income is reduced as the result of any provision of law which has the effect of reducing rental rates paid by any Agency below commercial equivalent rates established by section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended. Upon notifications to the Committees on Appropriations of the House and Senate these amounts would be appropriated to the Federal Building Fund.

Subsection (c) proposes that should any subcommittee of the Committees on Appropriations take action to place a limitation on or to reduce the amount of payments from an Agency to GSA for space and services, the subcommittee would have to estimate the amount of the reduction in payments to GSA that result and would be required to record the budget authority and outlays against that subcommittee's activities.

[Sec. 7. Notwithstanding any other provision of law, the Administrator of General Services is hereafter authorized to transfer from the resources of the Federal Buildings Fund, in accordance with such rules and procedures as may be established by the Office of Management and Budget and the Department of the Treasury, such amounts as are necessary to repay the principal amount of General Services Administration borrowings from the Federal Financing Bank when such borrowings are legal obligations of the Fund]

This section can be deleted since that language was made permanent.

Sec. [21.] 7. (a) Notwithstanding any other provision of law, agencies are *hereafter* authorized to make rent payments to the General Services Administration for lease space relating to expansion needs of the agency and General Services Administration is authorized to use such funds, in addition to the amount received as New Obligational Authority in the Rental of Space activity of the Federal Buildings Fund. Such payments are to be at the commercial equivalent rates specified by section 201(j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(j)) and are to be deposited into the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)).

(b) There are hereby appropriated, out of the Federal Buildings Fund, such sums as may be necessary to carry out the purpose of subsection (a).

This section is modified to add the word "hereafter" in order to make this language permanent.

[Sec. 8. The General Services Administration shall take immediate action to secure corrections to health and safety problems at the IRS Manhattan District Office and is directed if unable to correct such problems through the lessor within 90 days, to take such actions necessary to accomplish the corrections and withhold such amounts expended on such corrections from rental payments]

This section can be deleted as the language is no longer necessary.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

SEC. 9. OBLIGATIONS FOR MULTIYEAR AGREEMENTS FOR LEASE OR OTHER ACQUISITION OF MOTOR VEHICLES ENTERED INTO BY ADMINISTRATOR OF GENERAL SERVICES.—(a) IN GENERAL.—Subject to subsection (b), obligations of funds for multiyear agreements for the lease or other acquisition of motor vehicles entered into by the Administrator of General Services for the purposes of section 211 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 491) shall be limited to the current fiscal year for which payments are due, without regard to any termination or cancellation costs, and without regard to section 1341(a)(1)(B) of title 31, United States Code.

(b) AFFECTED AGREEMENTS.—This section shall apply to multiyear agreements which—

(1) are entered into by the Administrator during the 4-year period beginning on the date of the enactment of this Act; and

(2) provide for the lease of motor vehicles for a period of not more than four years.

This section can be deleted since the FY 1990 Appropriation Act provided authority for 4 years. Legislation for permanent authority is to replace this temporary authority.

SEC. 10. The general provision (section 8) in Public Law 100-440 is amended as follows: In subsection (b)(1) delete "600,000" and insert "900,000". Delete subsection (b)(2).

This section can be deleted as the language is no longer necessary.

SEC. 11. (a) Notwithstanding any other provisions of law, the Administrator of General Services, with the concurrence of the Director of the U.S. Fish and Wildlife Service, is authorized and directed to acquire, by means of a lease of up to twenty years duration, a new facility to house the offices of Region Five of the U.S. Fish and Wildlife Service in Hampshire County or Holyoke, Massachusetts.

(b) There is hereby made available until expended, out of the Federal Buildings Fund, not to exceed $100,000 for telecommunication system expenses associated with the relocation of Region Five of the U.S. Fish and Wildlife Service to the facility authorized to be leased by this Act.

This section can be deleted as the language is no longer necessary.

SEC. 12. The Administrator of GSA is directed to lease approximately one hundred thousand occupiable square feet of office and special purpose space to provide for relocation and consolidation of the outpatient clinic functions in Boston, Massachusetts, currently located in an outdated Federal building at 17 Court Street.

This section can be deleted as the language is no longer necessary.

SEC. 13. Notwithstanding any other provision of law, the Secretary of Commerce shall transfer to the General Services Administration at no cost approximately fifteen acres of the site at 325 Broadway in Boulder, Colorado, for the construction of a new Federal Building to house the National Oceanic and Atmospheric Administration. In selecting the land to be transferred, the Secretary shall give due consideration to access from Broadway and the availability of utilities.

This section can be deleted as the language is no longer necessary.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

SEC. 14. The Administrator of General Services after consultation with the Internal Revenue Service, Department of the Treasury and the Department of Defense shall submit a prospectus for the Internal Revenue Service and a prospectus for the Department of the Navy to the House Committee on Public Works, the Senate Committee on Environment and Public Works, and the House and Senate Committees on Appropriations within 90 days of enactment of this Act.

One prospectus shall provide for the consolidation of existing leased space for activities of the National Office of the Internal Revenue Service and additional space which may be required by such activities in the National Capital Region, into one consolidated suburban Maryland location in the National Capital Region.

A second prospectus shall provide for the consolidation of existing leased space in northern Virginia and additional space required by the Department of the Navy in the northern Virginia area into one consolidated location in the northern Virginia area.

The prospectuses shall outline how such space shall operate in a coordinated fashion with existing Government controlled space that will continue to be occupied by such agency or department and shall provide that the Administrator of General Services shall competitively acquire and select quality space representing the best value for the Government at the lowest possible cost within each respective area.

This section can be deleted as the language is no longer necessary.

SEC. 15. Notwithstanding any other provision of law, the General Services Administration is hereby authorized to sell to the city of Asheville or political subdivision at fair market value, the Grove Arcade Federal Building and site, in whole or in part, in Asheville, North Carolina, and to deposit such proceeds into the Federal Buildings Fund.

This section can be deleted as the language is no longer necessary.

SEC. 16. Notwithstanding any other provision of law, the County of Los Angeles in the State of California shall provide to the General Services Administration, without cost, 250 parking spaces for a period of ninety-nine years, in the Parking Facility at Long Beach, California, for which a Grant is provided from revenues and collections deposited into the Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)).

This section can be deleted as the language is no longer necessary.

SEC. 17. (a) CONVEYANCE.—Subject to subsection (c), notwithstanding any other provision of law, the Administrator of General Services (Administrator) shall convey, subject to existing easements, without consideration, to the State of Hawaii, all right, title and interest of the United States in and to approximately 89.274 acres more specifically described in subsection (b), together with any improvements, structures and fixtures located thereon and related personal property in Waianae, Oahu, State of Hawaii at the former U.S. Coast Guard transmitter site.

(b) LEGAL DESCRIPTION.—This land is a portion of Grant 4751 to H.M. Von Holt and a portion of Lot A-1-A of Land Court Application 130 situated about 2,000 feet Northeasterly from Farrington Highway at Lualualei, Waianae, Oahu, State of Hawaii; beginning at the Northwest corner of this piece of land and on the easterly boundary of Grant 7859 to Ralph E. Turner, the true azimuth and distance from Government Survey Triangulation Station "Puu-O-Hulu (Makai)" being 167°33' 5556.27 feet and running by true azimuths measured clockwise from South: (1) 261°44' 1940.00 feet along 50' road easement; (2) 360°00' 2551.34 feet; (3) 89°06' 1413.41 feet; (4) 167°33' 2349.87 feet along Grant 8422 to Lizzie Gilliland and Grant 7859 to Ralph E. Turner to the point of beginning; total acreage 93.575.

Excluding from said 93.575 acre parcel, parcel A of Waianaenui Watershed Project, Maili Channel Improvement, lines M-5 and M-6, Being Lot 202-A, area 1.440 acres, as shown on Map 53, and filed in the Office of the Assistant Registrar of the Land Court of State of

Hawaii with Land Court Application No. 130 of Alexander C. Dowsett et al., and being a portion of the land described in Transfer Certificate of Title No. 86,019 issued to said grantor, situated at Lualualei, Waianae, Oahu, Hawaii, and also excluding therefrom, Parcel "B" of Waianaenui Watershed Project, Maili Channel Improvement, lines M-5 and M-6: All of that certain parcel of land being a portion of Grant 4751 to H.M. Von Holt (Portion of U.S. Civil No. 868), situated at Lualualei, Waianae, Oahu, Hawaii, approximately 2.861 acres.

(c) CONDITIONS OF CONVEYANCES.—(1) The Administrator shall convey the approximately 89.274 acres described in subsection (b) to the State of Hawaii on the condition that the State of Hawaii, within 3 years of date of conveyance, exchange such property and other appropriate consideration (if necessary) for an equal total amount of consideration that includes one or more parcels of Hawaiian home lands on the islands of Hawaii, Oahu, and Molokai consisting of: (1) approximately 6.00 acres of real property located in Keaukaha (Tract 1), Waiakea, Hilo, Hawaii, being the present site of Keaukaha School; (2) approximately 26.207 acres of real property filed in the Office of the Department of Land and Natural Resources in C.S.F. No. 20282 and a separate parcel, being the present site of Molokai High School and Athletic Field; and (3) approximately 13.675 acres, filed in the Office of the Department of Land and Natural Resources in C.S.F. Nos. 12325, 10414, and 6342, being the present site of Nanaikapono Elementary School.

In the event the exchange of the property is not completed within the time period as specified herein, including recording the deed for the conveyance of the property from the State of Hawaii in accordance with all applicable laws, all right, title and interest to such property shall revert to the United States and the United States shall have the immediate right of entry thereon.

(2) Prior to the conveyance by the Administrator of approximately 89.274 acres described in subsection (b), as a condition of the conveyance, the State of Hawaii shall agree that the Hawaiian Home Land properties to be acquired by the State of Hawaii in the exchange described in subsection (c)(1) shall only be used for educational purposes in perpetuity, and in the event the properties cease to be so used, all or any portion of such properties shall, in its existing condition, revert to the United States.]

This section can be deleted since the enactment of the FY 1990 Appropriation Act provided permanent authority for the actions required.

[SEC. 18. (a) Notwithstanding section 203(k) of the Federal Property and Administrative Services Act of 1949, any implementing regulations, and the conveyance of Deed Without Warranty of June 5, 1968 recorded in Book 250 pages 183 through 196 of the Deed Records of Chaves County, New Mexico, on June 5, 1968, and Correction Deed of January 6, 1969, to the Deed Without Warranty of June 5, 1968, recorded in Book 252 pages 100 through 115 of the Deed Records of Chaves County, New Mexico, from the United States of America to the Board of Regents, Eastern New Mexico University (ENMU), the Secretary of Education shall, as to the property described in subsection (b), grant a release to ENMU from all terms, conditions, reservations, and restrictions required by the Federal Property and Administrative Services Act, implementing regulations or contained in the above mentioned Deeds, subject to the United States retaining until June 5, 1998, a reversionary interest, which runs with the land, if any part of the property described in subsection (b) is not used for educational or training purposes.

(b) The property referred to in this section is described as a tract of land lying and being situated in Section 33, Township 11 South, Range 24 East, NMPM, Chaves County, New Mexico and being more particularly described as follows: Beginning at a point on the South boundary of the Pecos Valley Village subdivision from which the Northwest corner of said Section 33 bears N 6°16'28" W a distance of 2382.64 feet, said point being the intersection of said South boundary and the centerline of Gail Harris Street; thence S 89°37'30" E along the south boundary of the Pecos Valley Village subdivision, a distance of 753.38 feet; thence S 0°00'43" E a distance of 2382.10 feet; thence S 89°58'24" W a distance of 771.18 feet to the centerline of Gail Harris Street; thence N 0°24'51" E along said centerline, a distance of 2387.43 feet to the point of beginning. Containing 41.7245 acres, more or less.]

This section can be deleted since the enactment of the FY 1990 Appropriation Act provided permanent authority for the actions required.

[Sec. 19. Notwithstanding any other provision of law, the Administrator of General Services—

(a) shall convey, without consideration, jurisdiction (custody, accountability and control) to the Institute of American Indian and Alaska Native Culture and Arts Development (Institute), over approximately 31,006 square feet of real property, together with any improvements, structures, and fixtures located thereon and related personal property, located at Cathedral Place at Palace, in Ward Number 4 of the City of Santa Fe and Precinct Number 18 of the County of Santa Fe, New Mexico, and

(b) shall transfer to the Institute, from revenues and collections in the fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949 (40 United States Code 490(f)), the sum of $2,130,000 for carrying out, in consultation with the Administrator of General Services, repairs and alterations to the facility transferred by this section.]

This section can be deleted as the language is no longer necessary.

[Sec. 20. (a) Notwithstanding any other provision of law, the Secretary of Education shall convey, without consideration, to the School District of Charleston County, South Carolina, a deed—

(1) releasing the reversionary interest to the property identified in subsection (b), held by the United States on the date of the enactment of this Act; and

(2) which is subject to the condition that—

(A) the property shall be used for educational purposes for a period of 25 years; and

(B) if during that period the property or any portion of the property ceases to be used for educational purposes, all right, title, and interest in and to the property shall revert to the United States.

(b) All that lot, piece or parcel of land, situate, lying and being on the west side of Chisolm Street, in Ward 2, in the City of Charleston, County of Charleston, and State of South Carolina.

Measuring and containing in front on Chisolm Street 100 feet, and the same on the west or back line, and in depth on the northernmost line from east to west 150 feet and ½ inch, and the same on the southernmost line—be all the said dimensions a little more or less.

Butting and bounding to the north on lands now of Anderson Lumber Company, formerly of Mrs. E.C. Rennecker; east on Chisolm Street aforesaid; south on part of the original tract of land owned by the said A.B. Murray and West Point Mills Company, now reserved by the said grantors, and west on another part of the said original tract, formerly belonging to the said A.B. Murray and West Point Mills Company, and conveyed by them to the United States of America.

The said lot of land hereby conveyed being the northernmost portion of that portion of the Chisolm's Mills Property, reserved by the A.B. Murray and West Point Mills Company after conveyance of the greater part of the said Chisolm's Mills Property to the United States of America, by Deeds which are recorded and may be seen in Book U-24, Page 582 and Page 585 in the R.M.C. Office for Charleston County, and all of which is more fully shown and delineated on a Plat of the said Chisolm's Mills Property, dated April 23, 1914, and made and certified to by H.D. King, Inspector, United States Light House Department, which said Plat is on record in Plat Book C, Page 97, in the R.M.C. Office for Charleston County.

Being the same premises which were conveyed to the United States of America by deed of Andrew B. Murray dated October 23, 1916, and recorded in the Office of the R.M.C. for Charleston County in Book U-24, Page 587, and by deed of West Point Mills Company, dated November 20, 1916, and recorded in said office in Book U-24, Page 589.]

This section can be deleted since permanent authority is in the FY 1990 Appropriation Act.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

[Sec. 22. Notwithstanding any provisions of this Act or any other Act in any fiscal year, obligations of funds for lease, entered into in accordance with section 210(h)(1) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 490, shall be limited to the current fiscal year for which payments are due without regard to section 1341(a)(1)(b) of title 31, United States Code.]

This section can be deleted since that language was made permanent.

[Sec. 23. None of the funds appropriated by this Act may be obligated or expended in any way for the purpose of the sale, excessing, surplusing, or disposal of lands in the vicinity of Norfolk Lake, Arkansas, administered by the Corps of Engineers, Department of the Army, without the specific approval of the Congress.]

This section can be deleted as it is not essential to GSA in fulfilling its real property disposal responsibilities under the Federal Property and Administrative Services Act of 1949, as amended.

[Sec. 24. None of the funds appropriated by this Act may be obligated or expended in any way for the purpose of the sale, excessing, surplusing, or disposal of lands in the vicinity of Bull Shoals Lake, Arkansas, administered by the Corps of Engineers, Department of the Army, without the specific approval of the Congress.]

This section can be deleted as it is not essential to GSA in fulfilling its real propeerty disposal responsibilities under the Federal Property and Administrative Services Act of 1949, as amended.

[Sec. 25. Section 110 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 757) establishing the Information Technology Fund is amended by adding a sentence at the end of paragraph (a)(2): These plans fulfill the requirements of 31 U.S.C. 1512 and 1513.]

This section can be deleted since that language was made permanent.

TITLE V—GENERAL PROVISIONS

SEC. 505A. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of any hand or measuring tool(s) not produced in the United States or its possessions except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of hand or measuring tools produced in the United States or its possessions cannot be procured as and when needed from sources in the United States and its possessions, or except in accordance with procedures prescribed by section 6-104.4(b) of Armed Services Procurement Regulation dated January 1, 1969, as such regulation existed on June 15, 1970: *Provided*, That a factor of 75 per centum in lieu of 50 per centum shall be used for evaluating foreign source end products against a domestic source end product. This section shall be applicable to all solicitations for bids opened after its enactment.

This section is proposed for deletion as it is not required to fulfill procurement responsibilities. GSA must also adhere to other restrictive procurement requirements including the Buy American Act, the Trade Agreement Act, and DOD restrictions which would apply regardless of this provision.

SEC. 508. None of the funds appropriated in this Act may be used for administrative expenses to close the Federal Information Center of the General Services Administration located in Sacramento, California.

This section is proposed for deletion since the program is now being operated by private contract which includes a satellite location in Sacramento.

SEC. 517. The Administrator of General Services, under section 210(h) of the Federal Property and Administrative Services Act of 1949, as amended, may acquire, by means of a lease of up to thirty years duration, space for the United States Courts in Tacoma, Washington, at the site of Union Station, Tacoma, Washington.

This section is proposed for deletion since this project is already underway.

SEC. 529. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of stainless steel flatware not produced in the United States or its possessions, except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of stainless steel flatware produced in the United States or its possessions, cannot be procured as and when needed from sources in the United States or its possessions or except in accordance with procedures provided by section 6-104.4(b) of Armed Services Procurement Regulations, dated January 1, 1969. This section shall be applicable to all solicitations for bids issued after its enactment.

This section is proposed for deletion as it is not required to fulfill procurement responsibilities. GSA must also adhere to other restrictive procurement requirements including the Buy American Act, the Trade Agreement Act, and DOD restrictions which would apply regardless of this provision.

TITLE VI—GENERAL PROVISIONS

SEC. 618. No funds appropriated in this or any other Act for fiscal year 1990 may be used to implement or enforce the agreements in Standard Forms 312 and 4355 of the Government or any other nondisclosure policy, form or agreement if such policy, form or agreement:

(1) concerns information other than that specifically marked as classified; or, unmarked but known by the employee to be classified; or, unclassified but known by the employee to be in the process of a classification determination;

(2) contains the term classifiable;

(3) directly or indirectly obstructs, by requirement of prior written authorization, limitation of authorized disclosure, or otherwise, the right of any individual to petition or communicate with Members of Congress in a secure manner as provided by the rules and procedures of the Congress;

(4) interferes with the right of the Congress to obtain executive branch information in a secure manner as provided by the rules and procedures of the Congress;

(5) imposes any obligations or invokes any remedies inconsistent with statutory law:

Provided, That nothing in this section shall affect the enforcement of those aspects of such nondisclosure policy form or agreement that do not fall within subsection (1)-(5) of this section.

This Section is proposed for deletion. Last year a similar statutory provision was declared unconstitutional by the U.S. District Court for the District of Columbia. In signing the FY 1990 Appropriations Act, President Bush made reference to the unconstitutionality of Section 618 and stated that it would jeopardize the Nation's security by interfering with the President's ability to prevent the unauthorized disclosure of information concerning our most sensitive diplomatic, military, and intelligence activities.

General Services Administration

FEDERAL BUILDINGS FUND
Summary

The Federal Buildings Fund is a revolving fund which, from revenues derived from rental charges to Federal agencies for space which they occupy in Government-owned or leased buildings, finances all aspects of the GSA real property programs. These programs include the acquisition of space through direct Federal construction, or purchase of existing buildings; the repair and alteration of public buildings; payments of liabilities for facilities acquired through purchase contract authority; acquisition of space through leasing from the private sector; the day-to-day operations of Government-owned and leased facilities; and general management and administration of all real property programs.

PROGRAM BY ACTIVITIES
$(Thousands)

Federal Buildings Fund Summary.	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Construction & Acquisition of Facilities	$131,820	$138,843	$271,004	+$132,161
Repairs and Alterations	516,463	558,692	572,710	+14,018
Design & Const. Svcs.	133,636	146,302	176,403	+30,101
Installment Acq. Pmt.	121,500	126,752	136,579	+9,827
Rental of Space	1,193,645	1,327,336	1,534,300	+206,964
Real Property Ops.	882,000	948,000	1,037,200	+89,200
Program Direction	49,000	68,020	90,781	+22,761
Total, New Obli. Auth.	$3,028,064	3,313,945	$3,818,977	+$505,032
Compensable Workyears	9,351	9,387	9,376	-11

EXPLANATION OF CHANGES	
Inflationary impact on PBS programs	+$133,387
FY 1991 Construction prog.	+132,191
FY 1991 R&A program	+14,018
FY 1991 Design & Const. Services program	+30,101
Increase in fuel/utility costs	+8,827
Net change to leased space inventory	+91,161
Restoration of previously delegated funding	+27,378
Replacement/conversion of PBS information system	+6,950
Other net changes	+61,019
Total	+$505,032

FY 1991 PROGRAM PERSPECTIVE. Requested New Obligational Authority will support GSA's provision of real property management services at a level commensurate with that of FY 1990. Direct construction and line item repairs and alterations projects are shown individually at the activity level. Additional details on the FY 1991 real property programs can be found on each of the activity justifications.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities

This no-year activity provides suitable facilities to house Federal agencies through direct construction of new buildings, extensions to existing buildings, acquisition of United States Postal Service properties, and the purchase of commercial buildings from the private sector.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Const. & Acq. of Fac.				
New Const. Projects:				
- FY 1991 Projects	--	--	$265,549	+$265,549
- FY 1990 Projects	--	$133,413	--	-133,413
- FY 1989 Projects	$123,750	--	--	--
Subtotal, New Const.	$123,750	$133,413	$265,549	+$132,136
Purchase of Commercial Buildings	5,500	500	--	-500
Non-Prospectus Projects	2,470	2,000	5,000	+3,000
Project Claims	100	2,930	455	-2,475
Total, New Obli. Auth.	$131,820	$138,843	$271,004	+$132,161
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
FY 1991 New Construction Projects	+$265,549
FY 1990 New Construction Projects	-133,413
Construction Claims	-2,475
Non-Prospectus Projects	+3,000
Purchase of Commercial Buildings	-500
Total Change	+$132,161

FY 1991 PROGRAM PERSPECTIVE. The FY 1991 Construction and Acquisition of Facilities activity places primary emphasis on the direct construction of Government-owned space, emphasizing general purpose office space and facilities for the U.S. Courts. This activity funds site acquisition and construction costs only; design and supervision costs for all projects are funded by the Design and Construction Services activity.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1991	
New Construction:	
Sacramento, CA, John E. Moss Federal Building, U.S. Courthouse (Extension)	$ 5,801
Menlo Park, CA, U.S. Geological Survey, Office-Laboratory Buildings	22,000
Kansas City, KS, U.S. Courthouse and Federal Building	29,475
Prince George's County, MD, U.S. Courthouse	21,883
Minneapolis, MN, Federal Building and U.S. Courthouse	47,710
Camden, NJ, Post Office and U.S. Courthouse Annex (Additional Amount)	8,903
White Plains, NY, U.S. Courthouse	26,350
Portland, OR, U.S. Courthouse Annex	33,320
Wilkes-Barre, PA, Social Security Administration Data Operations Center (Additional Amount)	11,905
Alexandria, VA, U.S. Courthouse	58,202
Claim:	
Chicago, IL, James C. Kluczynski Federal Building	455
Non-Prospectus Projects	5,000
Total FY 1991	$271,004
FY 1990	
New Construction:	
Skagway, AK, Border Station	$ 4,110
Long Beach, CA, Grant to County of Los Angeles, additional deck to parking facility	3,000
Boulder, CO, NOAA	31,814
Ames, IA, a grant to establish a midwest Super computer Access Center at Iowa State University	5,000
Kansas City, KS, Federal Building, Courthouse (site)	200
Prince George's County, MD, Federal Courthouse, Site and Design	4,700
Boston, MA, Federal Building (claim)	2,930
Woods Hole, MA, a grant for the development of the Marine Biomedical Institute for Advanced Studies	2,000
Northampton, MA, a grant for a science center at Smith College	1,500

General Services Administration
FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1990	
New Construction (continued):	
Baltimore, MD, a grant for planning and design of the Christopher Columbus Center on Marine Research and Exploration	$ 1,500
International Falls, MN, Border Station	1,472
Paterson, NJ, Federal Builoing	1,200
Lincoln, NE, a grant for expansion of the Eppley Institute for Research in Cancer and Allied Diseases	5,000
Alamogordo, NM, Grant to the New Mexico State University, Primate Research Institute, Site and Facilities, to be constructed on a site to be leased from the United States Air Force at Holloman Air Force Base	5,000
Asheville, NC, Federal Building, site and design	4,000
Astoria, OR, Grant to the City of Astoria for reconstruction (including parking/roadwork) of the first United States Custom House west of the Rockies	90
Philadelphia, PA, Veteran's Administration	54,000
St. Croix, VI, Federal Building, Courthouse	8,827
Non-Prospectus Projects	2,000
Other selected purchases including options to purchase	500
Total, FY 1990	$138,843
FY 1989	
New Construction:	
Tuscon, AZ, Law Enforcement Center	$ 1,100
Bridgeport, CT, Federal Building, Courthouse Annex	4,138
Hartford, CT, Federal Building, Courthouse Annex	6,612
Lakeland, FL, Federal Building	14,000
Champaign-Urbana, IL, Federal Building, Courthouse	8,316
Baton Rouge, LA, Federal Building, Courthouse, to be constructed on a site donated by the City of Baton Rouge.	16,758
Detroit, MI, Ambassador Bridge Cargo Inspection Facility	10,197
International Falls, MN, Border Station (site)	260
Camden, NJ, U.S. Post Office, Courthouse Annex	18,728

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1989	
New Construction (continued):	
Newark, NJ, Martin Luther King, Jr., Federal Building, Site and Design (parking facility)	250
Paterson, NJ, Federal Building	6,552
Trenton, NJ, Federal Building, Courthouse Annex	25,939
Albuquerque, NM, Grant to the University of New Mexico, Zimmerman Library, Repair and Extension	5,000
Portland, OR, (site)	4,100
Columbia, SC, Federal Building and Courthouse (claim)	100
Sumas, WA Border Station	1,800
Other selected purchases, including options to purchase	5,500
Non-Prospectus Projects	2,470
Total, FY 1989	$131,820

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

Repairs and Alterations of public buildings are funded under this activity. Health and safety, state of repair, and operating efficiency of facilities are the principal criteria used in establishing priorities of work, with primary consideration given to repairs to prevent deterioration and damage to the buildings, their support systems, and necessary operating equipment.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Repairs and Alterations				
Line item projects (proj. over $1,500,000) 1/	$266,526	$302,743	$291,315 2/	-$11,428
U.S. Mexico Border Facility Projects	49,936	54,681	10,218	-44,463
Non-line item projects	200,001	201,268	271,177	+69,909
Total, New Obli. Auth.	$516,463	$558,692	$572,710	+$14,018
Compensable Workyears	-- --	-- --		

1/ Prospectus level increased from $500,000 to $1,500,000 for the FY 1990 budget and thereafter.

2/ Project listing on following pages.

EXPLANATION OF CHANGES

The FY 1991 program is categorized by major functional area as follows:

A. Health and Safety	$52,316
B. Repair and Modernization	195,166
C. U.S. Courts	26,836
D. Recapture of Vacant Space	16,997
E. U.S. /Mexico Border Facilities	10,218
F. Non-line item projects	271,177
Total	$572,710

FY 1991 PROGRAM PERSPECTIVE. The FY 1991 program reflects a continuing emphasis on health and safety and repair and modernization. Also included is a request for funds to continue the expansion and improvement of the U.S./Mexico Border Facilities program which began in 1988.

The above estimates are for costs of construction only; design and supervision costs are included in the Design and Construction Services activity.

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

FY 1991 Line Item Project Listing

Category/Project	Amount ($000)
HEALTH AND SAFETY	
Chicago, IL, Everett McKinley Dirksen Building (Phase 2)	37,700
Nashville, TN, Estes Kefauver Federal Building and Courthouse Annex	4,616
Pittsburgh, PA, Post Office and Courthouse	2,700
District of Columbia, Hubert H. Humphrey Federal Building	7,300
Subtotal, Health and Safety (4 projects)	52,316
REPAIR AND MODERNIZATION	
Philadelphia, PA, Customhouse	20,166
Oklahoma City, OK, Post Office and Courthouse	11,242
District of Columbia, Veterans Administration Building	26,000
New York City, NY, Bowling Green Customhouse (Phase 1)	4,727
District of Columbia, Elevators (Various Buildings)	16,500
Chicago, IL, Customhouse (Phase 2)	10,260
New York City, NY, Jacob K. Javits Federal Building	13,721
Newark, NJ, Peter W. Rodino, Jr., Federal Building	3,755
Lakewood, CO, Denver Federal Center, Building 56	8,584
Chicago, IL, 536 South Clark Street (Phase 2)	6,248
Arlington, VA, Pentagon (Phase 1)	35,500
Spokane, WA, Federal Building and Post Office	5,071
Seattle, WA, Federal Office Building	17,932
Rochester, NY, Kenneth B. Keating Federal Building	1,994
San Francisco, CA, Appraisers Building	3,958
San Francisco, CA, Customhouse	9,508
Subtotal, Repair and Modernization (16 projects)	195,166

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

FY 1991 Line Item Project Listing

Category/Project	Amount ($000)
RECAPTURE OF VACANT SPACE	
Sacramento, CA, John E. Moss Federal Building and U.S. Courthouse	10,990
Portsmouth, VA, Federal Building	1,700
Dallas, TX, Federal Building (Terminal Annex)	4,307
Subtotal, Recapture of Vacant Space (3 projects)	16,997
PROJECTS IN SUPPORT OF U.S. COURTS	
Atlanta, GA, Richard B. Russell Federal Building and U.S. Courthouse	3,544
San Diego, CA, Federal Building and U.S. Courthouse	7,836
Indianapolis, IN, Federal Building and Courthouse	3,908
St. Paul, MN, Warren E. Burger Federal Building and U.S. Courthouse	7,633
Brooklyn, NY, Emanuel Celler Federal Building and U.S. Courthouse (Phase 2)	3,915
Subtotal, U.S. Courts (5 projects)	26,836
UNITED STATES - MEXICO BORDER FACILITIES	
El Paso, TX, Ysleta, Border Station	9,044
Calexico, CA, Border Station	1,174
Subtotal, Border Facilities (2 projects)	10,218

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

FY 1991 Line Item Project Listing

Category/Project	Amount ($000)
Line Item Projects, Total (30 projects)	301,533
Non-Line Item Projects, Total	271,177
Total FY 1991 New Obligational Authority	$572,710

Notes:

(1) Projects are included in the appropriate program group, although most projects will have work in two or more categories.

(2) Projects are in priority order within each program group.

General Services Administration

FEDERAL BUILDINGS FUND

Design and Construction Services

This budget activity provides for the direct funding, under a no-year authorization, of both in-house and contract costs for the design and management/inspection phases of new construction and repairs and alterations projects, as well as non-project related technical services.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991	EXPLANATION OF CHANGES
Design & Construction Services					Increase in provision of all expenses related to design, design and contract review and other technical services related to construction and repairs and alterations. +$30,101
Technical services related to design, construction and contract review.	$133,636	$146,302	$176,403	+$30,101	
Total, New Obli. Auth.	$133,636	$146,302	$176,403	+$30,101	
Compensable Workyears	668	661	661	--	

FY 1991 PROGRAM PERSPECTIVE. This activity provides for the full range of design and construction services relating to all direct construction and repairs and alterations projects as well as non-project related technical services. Included in project design is the development of detailed plans and specifications, working drawings and surveys and tests. Management and inspection of projects involves the physical examination of the quality and quantity of work put in place. The technical services function includes inspections to identify fire and life safety hazards and asbestos problems, buildings evaluations, prospectus development, and development of handbooks and other program guidance.

General Services Administration

FEDERAL BUILDINGS FUND

Installment Acquisition Payments

Through a law enacted in 1972, GSA built 68 facilities under purchase contract arrangements. These purchase contracts require the Government to make periodic payments of principal, interest, and taxes until title is vested with the Government after 30 years of such payments. Also provides for similar payment of principal, interest and other required obligations for installment (lease) purchase facilities which have been individually authorized by Congress since 1987.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Purchase Contract Payments				
Package System Projects: 23 proj. under purch. contr. authorized by the Public Bldgs. Amendments of 1972.	$8,963	$8,914	$9,079	+$165
Dual System Projects: 45 proj. under purch. contract auth. by the Public Buildings Amendments of 1972.	112,537	117,838	122,000	+4,162
Individual Installment Purchase Contracts	--	--	5,500	+5,500
Total, New Obli. Auth.	$121,500	$126,752	$136,579	+$9,827
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES

Payments made on installment contract projects are composed of principal, interest, taxes & administrative expenses. Changes in these categories from 1990 to 1991 are shown below:

Principal	+$5,326
Interest	+1,977
Taxes	+2,524
Administrative Exp.	--
Total	+$9,827

1991 PROGRAM PERSPECTIVE. Resources are required to make payments of principal, interest, taxes and other required obligations for facilities completed under the 1972 Act as well as individual installment purchase facilities authorized after 1987.

General Services Administration

FEDERAL BUILDINGS FUND

Rental of Space

This activity provides for all costs related to the acquisition of leased space, including payments for existing leases, projected new leases to be negotiated, rental rate increases estimated to occur and for all related buildings services furnished by lessors under the terms of lease agreements.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Rental of Space				
Rental of leased space and related services	$1,159,323	$1,290,921	$1,495,662	+$204,741
Payments to USPS	34,322	36,415	38,638	+2,223
Total, New Obli. Auth.	$1,193,645	$1,327,336	$1,534,300	+$206,964
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
Agency expansion space acquired in 1990 & 1991	+$114,590
Release of leased space in 1990 and 1991	-23,429
Commercial rental rate increases in 1990 and 1991	+115,803
Total	+$206,964

FY 1991 PROGRAM PERSPECTIVE. During FY 1991, GSA will continue its efforts to reduce leased space and associated costs. Programs to support this objective include replacement of leased space with Government-owned space where economically justified through direct Federal construction, building purchase, and renovation; more efficient use of existing space; and the identification and disposal of unneeded space.

The goal for office space utilization remains at 135 square feet per employee.

General Services Administration

FEDERAL BUILDINGS FUND

Real Property Operations

This activity provides for operation of all Government-owned facilities under the jurisdiction of GSA, and for building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish them. Services included in building operations are cleaning, protection, maintenance, payments for utilities, fuel and other miscellaneous activities such as grounds maintenance, elevator operations, lease administration and day-to-day servicing of tenants' needs. Space, operations, and services are furnished by GSA to its tenant agencies in return for payment of the Rent charge, just as the private sector tenants pay rent for space and services provided by lessors.

PROGRAM BY ACTIVITIES
$(Thousands)

Real Property Operations	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Cleaning	$157,230	$167,268	$179,985	$+12,717
Utilities and Fuel	165,855	178,455	186,993	+8,538
Maintenance	126,084	133,924	142,255	+8,331
Other Buildings Services	101,476	103,307	111,788	+8,481
Fire and Lifesafety	10,503	12,179	13,768	+1,589
Protection	51,697	61,496	66,340	+4,844
Other Staff Support	65,642	77,541	81,717	+4,176
Delegated Buildings	187,558	202,130	239,484	+37,354
ADP Support	15,955	11,700	14,870	+3,170
Total, New Obli. Auth.	$882,000	$948,000	$1,037,200	$+89,200
Compensable Workyears	8,282	8,325	8,314	-11

EXPLANATION OF CHANGES	
Buildings services in new space. (Net of space released)	+$14,877
Program enhancements	+8,186
Increased fuel and utility costs.	+8,827
Inflationary impact on contracts, supplies and materials.	+16,728
Productivity and A-76 savings.	-1,150
Restoration of previously delegated workload.	+27,378
Other changes.	+14,354
Total change	+$89,200

FY 1991 PROGRAM PERSPECTIVE. The FY 1991 program provides for a level of buildings services commensurate with that provided in FY 1990. Major initiatives include the delegation to agencies of operational responsibility for single tenant Government-owned and leased buildings. GSA budgets directly for all delegated buildings and transfers funding to the participating agencies through a system of allocation accounts.

General Services Administration

FEDERAL BUILDINGS FUND

Program Direction

The Program Direction Activity provides for the overall general management, long and short-range planning, development of policy, program control and evaluation, and administration of all programs which are the responsibility of the Public Buildings Service. It also provides for certain PBS support services which are funded on a centralized basis.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Program Direction				
Overall Direction	$24,361	$29,432	$26,094	$-3,338
Centralized Services	17,692	18,828	37,973	+19,145
ADP Support	6,840	19,650	26,600	+6,950
Delegated Buildings	107	110	114	+4
Total, New Obli. Auth.	$49,000	$68,020	$90,781	$+22,761
Compensable Workyears	401	401	401	--

EXPLANATION OF CHANGES	
Decrease for appraisal of commercial rent equivalent (funded in 1990)	-$5,000
Increased payment to Labor Dept. for accident/unemployment compensation	+855
Inflationary impact on support services	+856
FERS/Pay raise	+1,323
Replacement/conversion of the PBS information system and maint. of present system	+6,950
Pmt. to GM&A for centralized support services	+17,777
Total change	$+22,761

FY 1991 PROGRAM PERSPECTIVE. General management activities are continued at the same program level as FY 1990. Emphasis is placed on maintaining and converting the PBS automated information system.

General Services Administration

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE

The Federal Supply Service (FSS) provides and supports a worldwide logistics supply system to contract for and distribute supplies and personal property to Federal agencies and other authorized users; provides transportation and travel management regulations and services, including transportation audits; and manages the Interagency Federal Fleet Management System. It also provides a Governmentwide program for utilization, donation and sale of excess and surplus personal property. The major objective of these programs is to provide excellent support and services to customers while maximizing operational efficiency and continuing to reduce the cost of government.

PROGRAM BY ACTIVITIES
$ (Thousands)

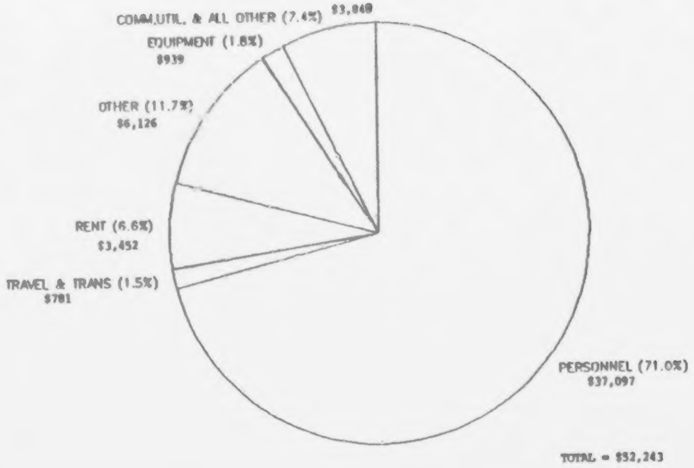
	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Supply	$15,815	$16,814	$17,914	+$1,100
Transportation	14,884	14,556	16,284	+1,728
Property Management	15,393	16,274	18,045	+1,771
Total Obligations	$46,092	$47,644	$52,243	+$4,599
Unoblig. bal. lapsing	908	-	-	-
Budget Auth. (App.)	$47,000	$47,644	$52,243	+$4,599
Total Comp. Workyears	939	904	904	-

EXPLANATION OF CHANGES	
Systems Furniture	-232
WITS Conversion	-320
Payment to GM&A for Centralized Support Services	+1,838
Inflation	+382
ADP Contract Support	+825
Part Year and Annualized Cost of Pay Raise	+2,106
Total Change for 1991	+$4,599

1991 PROGRAM PERSPECTIVE. The fiscal year 1991 estimate provides the funding necessary for the Federal Supply Service to perform its property management, transportation services, transportation audits, schedules contracting, and policy and agency liaison responsibilities. Supply operations functions, for the third full year, will be funded through the General Supply Fund under industrial funding. Included in the requested level are funds for ADP contract support, payments to GM&A for centralized support services, pay raise costs and inflation. These increases are partially offset by decreases in system furniture and telephone system conversion.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

FISCAL YEAR 1991 OE-FSS OBLIGATIONS
BY COST CATEGORY
(Dollars in Thousands)



General Services Administration

GENERAL SUPPLY FUND

This revolving fund finances, on a reimbursable basis, a national supply distribution system, a system of ordering supplies for direct delivery to agencies, and system of Interagency Federal Fleet Management Centers. Legislation was approved in fiscal year 1988 to authorize full cost recovery for all supply management, operating, and overhead expenses related to providing goods and services to other agencies through the General Supply Fund. These expenses were previously funded through the Operating Expenses, Federal Supply Service appropriation. No Budget Authority (appropriation) is required, since the full cost of all supply activities financed through this account is now recovered through charges on goods and services.

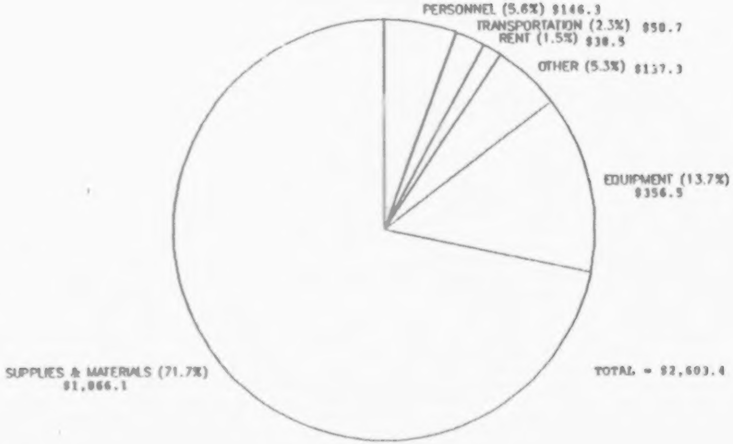
PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991	EXPLANATION OF CHANGES
1. Supply Operations					
Stores Stock	$1,049,473	$1,054,720	$1,068,613	+$13,893	Reflects anticipated increases in wholesale distribution centers, export, ADP contract support costs and stores, direct deliveries, and decrease in special order business volumes.
Stores, Dir. Del	69,436	72,477	74,325	+1,848	
Special Order	829,262	836,114	828,454	-7,660	
Export & Misc.	35,710	35,889	36,248	+359	
2. Fleet Management	259,670	230,013	239,214	+9,201	Reflects estimated increases in business level.
3. Capital Investment					
Supply Operations	19,726	3,794	14,000	+10,206	Supply expenditures are primarily for distribution facilities equipment, while Fleet Management expenditures are for vehicles.
Fleet Management	184,579	326,210	342,500	+16,290	
Total Obligations	$2,447,856	$2,559,217	$2,603,354	+$44,137	
Total Compens. Workyears	3,596	3,697	3,697	-	

1991 PROGRAM PERSPECTIVE. The fiscal year 1991 program reflects the third full year of industrial funding in the General Supply Fund (GSF) under Public Law (P.L.) 100-202, dated December 22, 1987. P.L. 100-202 amended the Federal Property and Administrative Services Act of 1949 to permit the GSF to recover all costs related to supply operations. Previously the GSF collected only the costs of supplies and materials, transportation costs and inventory adjustments. The 1991 program reflects increased business volumes in all programs except Special Order Programs.

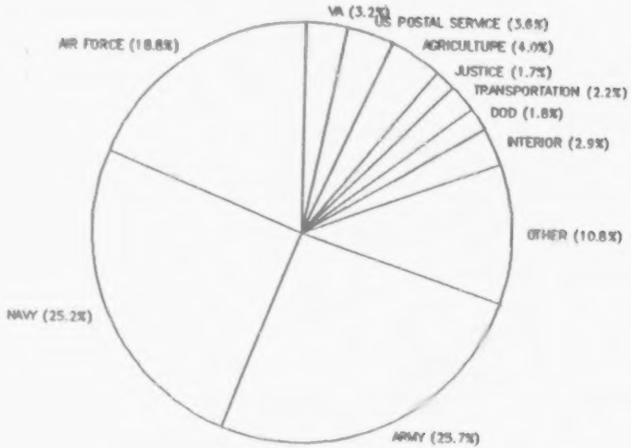
FEDERAL SUPPLY SERVICE
General Supply Fund

FISCAL YEAR 1991 GSF OBLIGATIONS
BY COST CATEGORY
(Dollars in Millions)



FEDERAL SUPPLY SERVICE
General Supply Fund

GSF - SUPPLY OPERATIONS
TOP TEN SALES TO CUSTOMER AGENCIES
(DOLLARS IN MILLIONS)



STORES REGULAR SALES - Fiscal Year 1989 $1,025.3

General Services Administration

EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT ADMINISTRATION

A special fund through which the expenses of transportation audit contracts and contract administration are financed from overcharges (receipts) from carriers on transportation bills paid by the Government. Contract audit firms are used to identify and collect carrier overcharges.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991	EXPLANATION OF CHANGES	
Audit contracts	$13,250	$14,346	$14,753	+$407	Contract services/expenses for expanded collection effort	+$407
Contract administration	1,746	937	1,007	+70	Price inflation	+32
Total Obligations	14,996	15,283	15,760	+477	Part year and annualized cost of payraise	+38
Unobligated Balance Lapsing	4	-	-	-		
Budget Authority	$15,000	$15,283	$15,760	+$477	Total Change for 1991	+$477
Appropriation	15,000	15,500	15,760	+260		
Reduction pursuant to P.L. 99-177	-	-217	-	+217		
Adj. Appropriation (perm., indefinite)	$15,000	$15,283	$15,760	+$477		
Total Compens. Workyears	15	14	14	-		

1991 PROGRAM PERSPECTIVE. Public Law 99-88 provides that expenses of Transportation Audit Contracts and Contract Administration activities shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds. Public Law 99-627 further provides prepayment audit authority for selected transportation bills, permanent authority to pay transportation audit contractors from carrier overpayments collected, and authority to transfer net overpayments collected to the Treasury. For fiscal year 1991, contract audit and contract administration expenses are estimated at $15.8 million. Total collections are estimated at $61 million.

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Gross receipts from overcharges collected	$73,000	$59,000	$61,000	+$2,000

General Services Administration
OPERATING EXPENSES, INFORMATION RESOURCES MANAGEMENT SERVICE

Provides for the overall direction and coordination of comprehensive Governmentwide programs for the management, procurement, and utilization of automatic data processing, telecommunications, and office information equipment and services. It provides for the development and coordination of Governmentwide policies, procedures and regulations pertaining to ADP, telecommunications, and office information systems acquisition, management and utilization; provides for establishment of Governmentwide automated data processing standards; provides information services to the public; and provides for the overall management of operations financed through the Information Technology Fund. It also provides for the Information Security Oversight Office, which makes available to the public as much information as possible regarding the affairs of Government, while at the same time providing maximum security for national security information.

PROGRAM BY ACTIVITIES
$ (THOUSANDS)

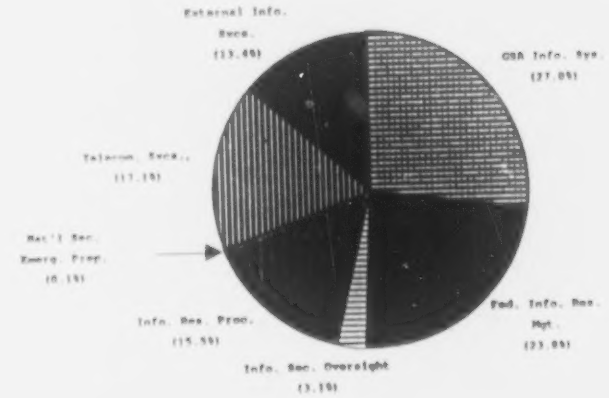
	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Federal Information Resources Management	$7,668	$8,016	$9,335	$1,319
External Information Services	4,859	4,867	5,269	402
Information Resource Procurement	4,800	5,173	6,067	894
GSA Information Systems	7,370	7,431	10,646	3,215
Telecommunications Services	5,630	5,923	6,702	779
Information Security Oversight Office	1,037	1,070	1,199	129
National Security Emergency Preparedness	340	—	50	50
Total Obligations	$31,712	$32,480	$39,268	$6,788
Unobligated Balance Lapsing	163	—	—	—
APPROPRIATION (Adjusted)	$31,875	$32,480	$39,268	$6,788
Total Compensable Workyears	411	381	376	-5

EXPLANATION OF CHANGES	
General Services Administration System (GSAS) Costs	+$2,633
Increased Workload in MASC and Contract Administration Program	+427
Implementation of Telecommunications Accessibility Enhancement Act	+229
Expanded Delegations and Management Reviews	+450
GSA Support of NCS	+50
Increased Workload in ISOO	+76
Payments to General Management and Administration for Centralized Support Services	+705
Other Changes (Part Year and Annualized Cost of Pay Raise, PMS/PMRS Awards, FERS, Inflation, Net Decrease for [illegible], and Net Increase for Other Changes)	+2,218
TOTAL CHANGES FOR FY 1991	+$6,788

1991 PROGRAM PERSPECTIVE. Program requests include increases of $229,000 for the implementation of the Telecommunications Accessibility Enhancement Act, $450,000 for expanded delegation and management reviews, $427,000 for increased workload in the Multiple Awards Schedules Contracts and contract administration program, $2,633,000 for site preparation and parallel operations costs associated with the General Services Administration System (GSAS)—formerly, IPDC-90, $76,000 for increased workload in the Information Security Oversight Office (ISOO), $50,000 for GSA's support of the National Communications System (NCS), and $705,000 for payments to the General Management and Administration for centralized support services. In addition, a net change in FTE reflects a onetime FY 1990 increase in FTE ceiling.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

FY 1991
Obligations by Activity
Total -- $39,268,000

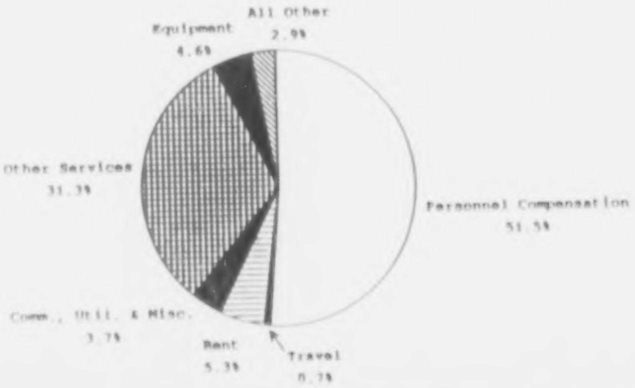


Activity	Obligations	Percent
Fed. Inf. Resources Mgt.	$9,335,000	23.8%
External Information Services	$5,269,000	13.4%
Info. Resources Procurement	$6,067,000	15.5%
Telecommunications Services	$6,702,000	17.1%
GSA Information Systems	$10,646,000	27.0%
Info. Security Oversight Ofc.	$1,199,000	3.1%
National Sec. Emergency Prep.	$50,000	0.1%
Total	$39,268,000	100.0%

INFORMATION RESOURCES MANAGEMENT SERVICE

Operating Expenses (Direct Only)

FY 1991
Obligations by Category
Total — $39,268,000



Category	Obligations	Percent
Personnel Compensation	$20,221,000	51.5%
Travel	$277,000	0.7%
Rent	$2,094,000	5.3%
Communications, Utilities, & Misc.	$1,443,000	3.7%
Other Services	$12,278,000	31.3%
Equipment	$1,817,000	4.6%
All Other	$1,138,000	2.9%
TOTAL	$39,268,000	100.0%

General Services Administration

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE

Provides for management of programs for the utilization and disposal of excess and surplus Federal real property. It also provides for the utilization survey, deed compliance inspection, appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus real property.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991
Real Estate Policy and Sales	$9,965	$11,072	$12,798	+$1,726
Total obligations	9,965	11,072	12,798	+1,726
Unoblig. Balance lapsing	835	-	-	-
Budget Authority	10,800	11,072	12,798	+1,726
Appropriation	10,800	12,174	12,798	+624
Reduction pursuant to P.L. 101-164	-	-945	-	+945
Reduction pursuant to P.L. 99-177	-	-157	-	+157
APPROPRIATION (Adjusted)	$10,800	$11,072	$12,798	+$1,726
Total compens. workyears	150	149	149	-

EXPLANATION OF CHANGES	
Part Year & Annualized Pay Raise	+$247
RENT Increase	+18
Goods and Services Inflation	+147
Protection and Maintenance	+1,172
Payment to GM&A for Centralized Support Services	+142
Total Change for 1991	+$1,726

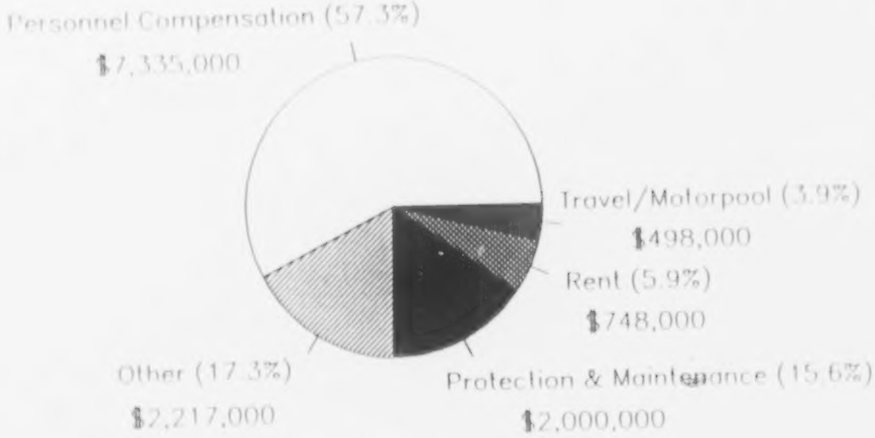
1991 PROGRAM PERSPECTIVE. The resource level requested for FY 1991 will permit the Federal Property Resources Service to continue to provide Government policy oversight and guidance for Federal real property management, for developing legislative initiatives that seeks to improve such management, and for conducting real property utilization surveys to identify real property which is not utilized, underutilized and not being put to optimum use, and recommends excessing of such properties.

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)

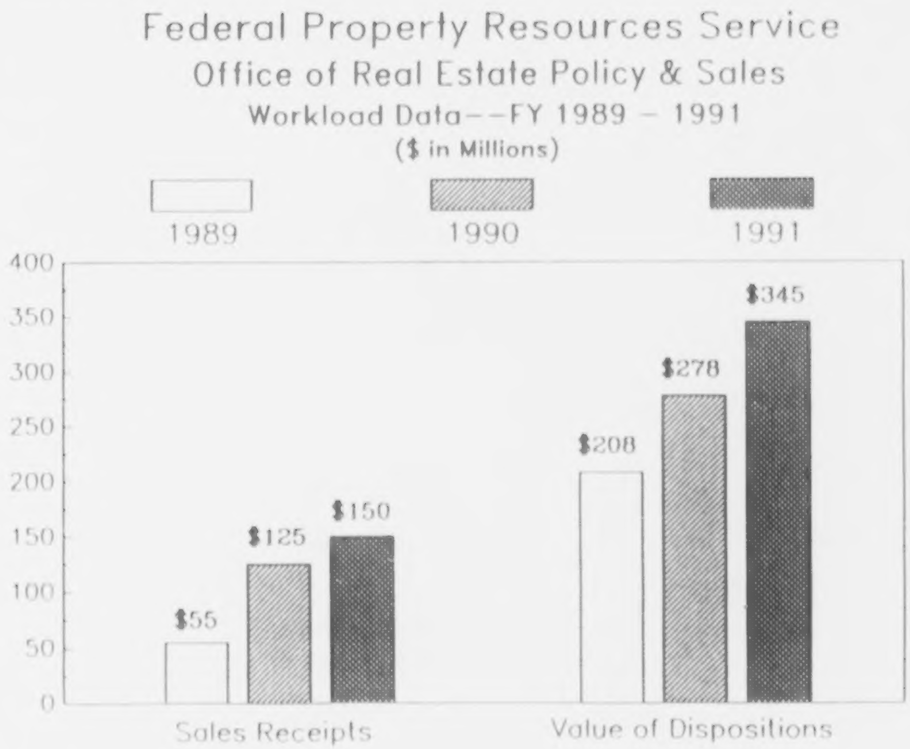
Federal Property Resources Service

FY 1991 Operating Expenses

Total – $12,798,000



FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct)



General Services Administration

REAL PROPERTY RELOCATION

This appropriation provides for relocation costs involved in moving agencies from valuable underutilized property, targeted for public sale, to facilities determined to be more economically suitable to their needs. The sale of these valuable underutilized properties would provide significant revenue to the Treasury and would far outweigh the relocation costs involved.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Changes 1990 to 1991	EXPLANATION OF CHANGES	
Relocation Expenses	$1,775	$15,167	$8,000	-$7,167		
Total obligations	1,775	15,167	8,000	-7,167		
Unoblig. bal. avail. SOY	-5,000	-7,225	-	+7,225		
Unoblig. bal. avail. EOY	7,225	-	-	-		
Budget Authority	$4,000	$7,942	$8,000	+$58	Resources for Relocation Expenses	+$58
Appropriation	4,000	8,000	8,000	-		
Reduction pursuant to P.L. 99-177	-	-58	-	-		
Appropriation (adjusted)	$4,000	$7,942	$8,000	+$58	Total Change for 1991	+$58

1991 PROGRAM PERSPECTIVE. This appropriation for FY 1991 in the amount of $8,000,000 is for relocation expenses associated with acquisition of sites and facilities, and expenses of moving or repurchasing equipment and personal property to facilitate disposal of underutilized federal property.

General Services Administration

SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION

Provides for policy direction and coordination of all GSA programs by the Administrator, Deputy Administrator, and Regional Administrators. It also provides for congressional and public affairs activities; agencywide acquisition policy, planning and coordination and agencywide administrative, financial and management support services on a centralized and integrated basis.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Policy Direction	$25,471	$26,109	$34,626	+$8,517
Comptroller	54,488	53,914	8,984	-44,930
Administration	36,051	39,632	42,926	+3,294
Board of Contract Appeals	3,856	3,053	4,019	+966
Grant Program	-	12,984	-	-$12,984
Total Obligations	$119,866	$135,692	$90,555	-$45,137
Unobligated Balance Lapsing (Net)	908	-	-	-
APPROPRIATION (Adjusted)	$120,774	$135,692	$90,555	-$45,137
Total Compensable Workyears	1,991	2,014	1,274	-740

Explanation of Changes	$	Work-years
Small & Disadvantaged Business	+$717	+11
Acquisition Policy Debarement List	+590	+2
Law Clerk Program	+642	+13
Centralized Support Service	+2,724	-
Realignment of programs	-44,668	-766
Grant Program	-12,984	-
Inflation	+2,937	-
Extra paid day	+384	-
Pay raise	+4,521	-
	-$45,137	-740

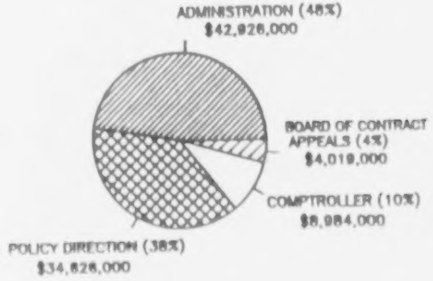
1991 Program Perspective: The resource level requested for FY 1991 will provide for the following essential program changes: An increase of $717,000 and 11 work-years for the Small and Disadvantaged Business program, funded in the Public Buildings Service prior to fiscal year 1991; $590,000 and 2 work-years to enhance the Governmentwide List of Parties Excluded from Federal Procurement or Nonprocurement Programs (Debarment List) for the Office of Acquisition Policy, required to implement Section 5301 of P.L. 100-690, the Anti-Drug Abuse Act of 1988, pertaining to the denial of Federal benefits for certain drug offenders; $642,000 and 13 work-years for a Law Clerk program to perform research for judges of procedural motions, discovery matters and evidentiary questions, as well as substantive issues regarding the merits of appeals and protests; $2,724,000 for payment to GSA for centralized support services; and a net decrease of $44,668,000 and 766 work-years consisting of a decrease of $49,882,000 and 855 work-years for the conversion of the internal accounting support functions from direct to reimbursable funding and an increase of $5,214,000 and 89 work-years for financing programs previously reimbursable to the General Management and Administration account prior to fiscal year 1991.

GENERAL SERVICES ADMINISTRATION

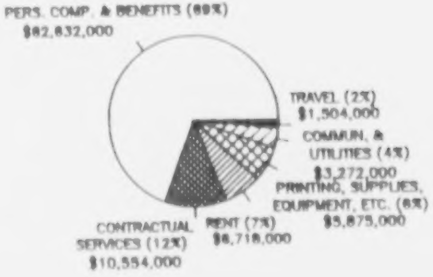
SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION

FY 1991 APPROPRIATIONS $90,555,000

DISTRIBUTION BY PROGRAM



DISTRIBUTION BY MAJOR COST



General Services Administration

OFFICE OF INSPECTOR GENERAL

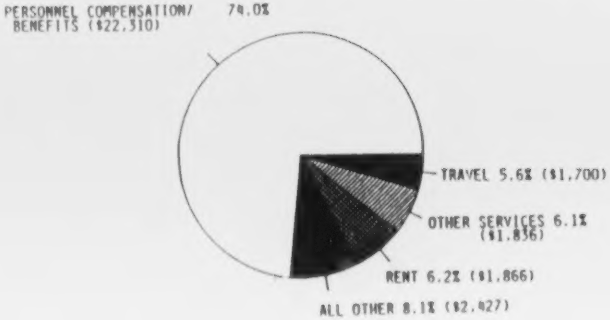
Provides for: Agencywide audit and investigative functions to identify and correct management and administrative deficiencies within GSA which create real or potential conditions for fraud, corruption and mismanagement.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1989	FY 1990	FY 1991	Change 1990 to 1991
Total Obligations	$24,843	$26,136	$30,139	+$4,003
Unoblig. Balance Lapsing	157	-	-	-
APPROPRIATION (Adjusted)	$25,000	$26,136	$30,139	+$4,003
Total Compens. Workyears	421	425	435	10

Explanation of Changes	
Increased Audits and Investigations	+$379
Continued ADP Systems Implementation	+583
Staff Relocations	+250
Part Year and Annualized Cost of Pay Raises	+1,342
Extra Paid Day in FY 1991	+179
Price Escalation in Non-personnel Costs	+280
Payments to GM&A for Centralized Support Services	+990
Total Change from 1990	+$4,003

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
FY 1991 REQUEST
Distribution by Major Cost Element
(Dollars in Thousands)



TOTAL: $30,139

General Services Administration

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

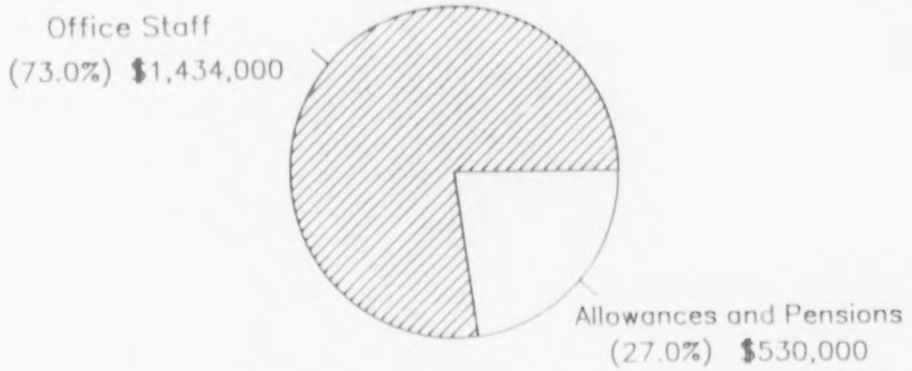
Provides for pensions, office staffs, and related expenses for former Presidents. This appropriation also provides for the pension and cost of postal franking privileges for the widow of former President Johnson.

PROGRAM BY ACTIVITIES
$ (Thousands)

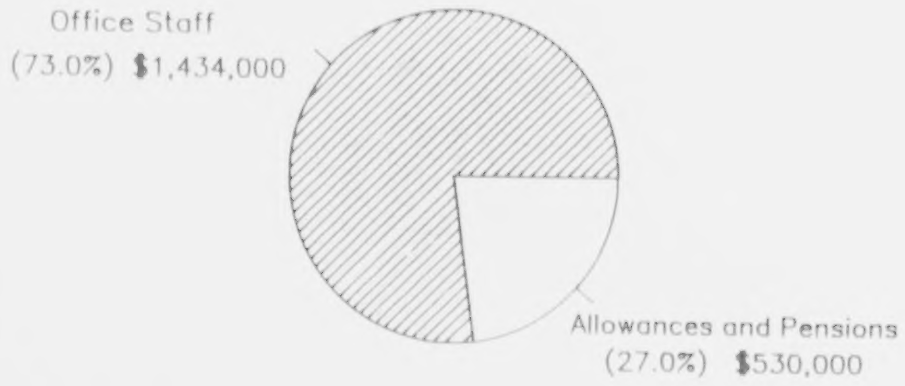
	FY 1989	FY 1990	FY 1991	Change 1990 to 1991	Explanation of Changes	
Allowances & Pensions	$388	$441	$530	+$89	Increased costs for the following:	
Office Support Costs	860	1,367	1,434	+67	- Pay raise for Pensions	+$89
Total Obligations	$1,248	$1,808	$1,964	+$156	- Inflation	+67
Unobligated Balance Lapsing	183	-	-	-	Total Change from 1990	+$156
APPROPRIATION (Adjusted)	$1,431	$1,808	$1,964	+$156		

1991 Program Perspective: The FY 1991 request will allow for continued funding of pensions, office staff and related expenses for former Presidents Nixon, Ford, Carter, and Reagan and for the pension and franking privileges for the widow of former President Johnson. There are no discretionary increases included in the funding requested.

GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1991 APPROPRIATION $1,964,000
DISTRIBUTION BY PROGRAM AREA



GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1991 APPROPRIATION $1,964,000
DISTRIBUTION BY PROGRAM AREA



CHAIRMAN

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

March 1, 1990

The Honorable Quentin N. Burdick, Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In response to your February 20, 1990 letter, I am enclosing the Nuclear Regulatory Commission's written statement on its FY 1991 budget request. The FY 1990 available funding level and FY 1991 requested level described in our written statement are consistent with the NRC's budget justification material (NUREG-1100, Volume 6) previously submitted to the Committee. Also enclosed is our response to Senator Breaux's question concerning the renewal of reactor operating licenses.

I appreciate the Committee's continued support for the NRC's programs and resources. Please contact me if I may be of further assistance.

Sincerely,

Kenneth Carr

Kenneth M. Carr

Enclosures:
1. Statement on the Nuclear Regulatory Commission's FY 1991 Budget
2. Response to Senator Breaux's Question

cc: Senator John H. Chafee

STATEMENT

SUBMITTED BY

THE UNITED STATES NUCLEAR REGULATORY COMMISSION

TO THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

CONCERNING

THE FY 1991 BUDGET

FOR THE

NUCLEAR REGULATORY COMMISSION

SUBMITTED: March 1, 1990

Mr. Chairman and members of the Committee, the Nuclear Regulatory Commission is pleased to submit its fiscal year 1991 budget request.

NRC MISSION

As you know, the NRC is responsible for assuring that civilian uses of nuclear materials in the United States -- in the operation of commercial nuclear power plants, and in medical, academic, and industrial applications -- are carried out in a way which will adequately protect the public health and safety, the environment, and the national security. The NRC has contributed significantly to the safe use of this nuclear technology through firm and fair regulation, emphasis on programs that enhance safe operation of facilities, and conduct of research that resolves regulatory safety issues. When the NRC has encountered situations at reactors, fuel cycle facilities, or materials licensees that could lead to adverse public health and safety effects, we have acted to ensure that licensees corrected these problems before injury to the public occurred. We will continue to vigorously pursue a policy which ensures that our nuclear licensees meet their safety responsibilities to protect the public.

Nuclear Power

Nuclear power is an important component in our nation's energy supply. In 1989, nuclear power safely supplied approximately 20 percent of the nation's electricity, second only to coal. However, we think it is important to note that if the rate of increase in electrical demand in the United States continues at a modest two or three percent a year, then the United States, even with diligent conservation efforts, will need to significantly increase its total electrical generating capacity in the years ahead. To meet this increased demand, options for new baseload generating capacity should be available as safe sources of energy. A number of significant changes have occurred in the last few years which should continue to ensure the viability of nuclear power as one of the safe alternatives to meet our future energy needs. These include an overall improvement in safety and performance as well as initiatives to streamline the licensing process.

There remain, however, several high priority issues that require resolution. One of these is the development of the proper regulatory base to prepare for plant life extension and the resulting reactor license renewal. A period of intense effort is needed to ensure that all relevant safety questions are resolved before the current operating licenses begin to expire later in this decade.

The research effort evaluating the impact of plant aging on component and system safety performance is closely tied to the plant life extension issue. The groundwork must be laid now if we are to make intelligent decisions as to whether the nation's existing plants may remain in service. These plants represent a significant portion of the nation's electrical supply. Timely resolution of this issue must be accomplished if our future energy needs are to be met successfully.

Certification of standardized nuclear power plant designs is another very important issue facing us. We are giving priority to actions needed to anticipate and resolve safety issues for certification of designs for the next generation of reactors. This is essential if future U.S. nuclear power plants are to be built and licensed to operate in a reasonable period of time.

Standardization can significantly increase confidence in the safety, reliability, and availability of future nuclear power plants. Changes in NRC's regulations made during the past year should substantially improve the certification and licensing process. The goal is that future nuclear plants will use standardized designs, approved by the NRC, and pre-approved sites. The NRC is currently involved in a phased review of the Electric Power Research Institute's advanced light water reactor requirements document and in two design certification reviews. We also expect additional design applications will be received during the next year or two. NRC anticipates certifying one or more of these advanced designs in the near future.

Additionally, since a serious accident anywhere can have widespread consequences, another important issue is that of ensuring greater nuclear power plant safety worldwide. In recent years, the NRC has expanded its program for international cooperation in nuclear safety, particularly in the area of information exchange with countries that have commercial nuclear power programs. For example, along with the Department of Energy, we are participating in numerous cooperative activities with the Soviet Union. Our cooperative efforts in sharing safety and operational experience will serve to make commercial nuclear power safer everywhere.

FISCAL YEAR 1991 BUDGET REQUEST

The NRC's fiscal year 1991 budget request is $475 million. The Commission believes that this request is necessary for us to maintain the safe performance of the nation's operating nuclear power reactors, achieve further safety improvements, and conduct a regulatory program responsive to the nation's future energy needs and industry initiatives. This is a decrease of $13.8 million below our original estimate of $488.8 million that we provided to you last year. The adjustments to the estimate are reflected in our recent budget request and implementing legislation that we recently provided to the Committee.

Placed in a historical context, this request is fully justified. The NRC's funding has been eroded significantly by inflation since NRC was established in 1975. In constant 1975 dollars, the NRC's fiscal year 1991 budget request is less than the agency's budget in fiscal year 1978 -- one year before the accident at Three-Mile Island. Since that time, the number of licensed nuclear power plants has increased by 75 percent. Currently there are 113 such plants across the nation. Our inspection and oversight activities for each of these plants have also increased significantly over the past decade. In addition, the NRC now has increased responsibilities and activities for nuclear materials licensees, low-level radioactive waste, and licensing the first-of-a-kind high-level waste geologic repository. We must also address important safety issues related to reactor license renewal and standard plant designs. The lack of corresponding growth in NRC's funding has forced the deferral or cancellation of significant programs that were intended to provide technical information to make and support our future safety decisions. This trend must be reversed. It is essential that the NRC be adequately funded.

The President's fiscal year 1991 budget proposes to continue to fund NRC activities associated with the Nuclear Waste Policy Act through direct appropriation from the Nuclear Waste Fund and proposes to recover 100 percent of NRC's remaining budget through user fees charged to the industry. The President's budget does not include any rescissions, deferrals, or supplementals for the NRC for fiscal year 1991.

Our budget request is $23.4 million above fiscal year 1990. Twelve million six hundred thousand dollars of the requested increase is urgently needed to improve the safety performance of operating reactors and materials licensees and to be responsive to the nation's future energy needs and industry initiatives. This portion of the increase will allow the NRC to:

- establish the criteria for renewing reactor licenses beyond their current 40-year term to ensure that operating license renewal applications can be reviewed on a schedule compatible with industry submittals. The first application is expected in 1991;

- establish licensing criteria and be prepared to respond to both the industry's and the Department of Energy's schedule for submitting advanced standard reactor designs for approval;

- reduce the volume and complexity of the technical specifications under which all reactors are required to operate;

- resolve, in a timely manner, the technical issues to support regulatory decisions on reactor safety systems and containments for operating plants as well as those for advanced reactor designs to further enhance the protection of the public in the event of a severe accident;

- conduct additional inspections of materials licensees, improve the accounting of approximately 200,000 generally licensed nuclear materials devices, begin the review of approximately 18,000 materials and fuel cycle facility licenses terminated since 1965 to ensure that the sites were adequately decontaminated, and initiate financial reviews for non-reactor licensees to ensure compliance with new decommissioning requirements;

- develop the regulatory framework for, and review a first-of-a-kind application to construct and operate the nation's first privately owned uranium enrichment facility; and

- provide full regulatory support for the implementation of the Low-Level Radioactive Waste Policy Amendments Act. This includes expanded research to assess alternatives to shallow land burial for low-level waste and additional assistance to Agreement States as they proceed with developing and implementing plans to construct low-level waste disposal facilities.

Ten million dollars additional is also required for nondiscretionary expenses. The NRC is faced with:

- higher payroll expenses resulting primarily from pay raises and additional agency contributions to the Federal Employees Retirement System;

- increased transportation costs for our inspectors to travel to licensee sites;

- phased replacement of outdated office systems equipment; and

- costs related to the consolidation of our headquarters employees in Rockville, Maryland. The Congress has repeatedly supported our efforts in this regard. We have now consolidated more than one half of our headquarters employees at one location, and we are continuing to actively pursue with the General Services Administration the completion of this consolidation. From what we have seen thus far, we believe that the benefits the agency will derive from complete headquarters consolidation will enhance our ability to protect the public health and safety.

We are also requesting an additional $800,000 for the Office of the Inspector General (IG). The increase is needed to staff the IG's hotline, inspection team, and contract audit capability. The contract audit capability will be new to the NRC and is needed to meet the requirements of the Inspector General Act and Office of Management and Budget directives.

The Commission firmly believes that these increases are essential. The details of our budget request are contained in our submission, which has already been provided to the Committee. The Appendix to this testimony summarizes the agency's budget request for each of its programs. A brief summary of the NRC's principal programs is provided below.

PROGRAM SUMMARY

Reactor Safety and Safeguards Regulation

These programs focus principally on operational safety to evaluate reactor and licensee performance through a variety of on-site inspections and safety reviews for the 113 reactors that are expected to be licensed to operate in fiscal year 1991. The fiscal year 1991 increases for this program focus on preparing NRC to carry out licensing activities to respond to the nation's future energy needs.

As part of NRC's inspection programs, at least two resident inspectors are assigned to each reactor site to observe, evaluate, and report on the adequacy of licensee nuclear safety activities on a day-to-day basis. Our region-based inspectors, headquarters safety experts and specialized technical contractor support will continue to conduct a variety of highly specialized inspections. These complementary resources help us to gain an in-depth perspective on reactor operational safety. Our reactor inspection programs are conducted to allow regional and headquarters managers to focus inspections on special safety problems and plants that require additional attention. This flexibility helps ensure that the limited resources are efficiently and effectively allocated to enhance reactor safety.

There are two other essential components of reactor safety. The first is to evaluate the need for safety improvements to ensure that operating reactors maintain adequate levels of protection of public health and safety subsequent to receiving their operating license. For example, the NRC is in the process of working with licensees to convert existing reactor technical specifications to new standard technical specifications. The NRC believes this will improve operational safety and reduce unnecessary regulatory burdens, thus allowing licensees to focus on the more safety-significant aspects of operation. The second is to ensure that each nuclear power plant is staffed with trained and qualified reactor operators. Toward this end, the NRC licenses all personnel authorized to operate reactors and administers requalification examinations to verify their continued proficiency.

The above programs play a significant role in ensuring the operating industry's safety performance.

The NRC's efforts to renew licenses for operating reactors beyond their current 40 year terms have to be significantly expanded to provide the framework for energy planners to make crucial decisions on new plant purchases, to avoid unneeded regional energy shortfalls, and to avoid increased consumer cost connected with unstable regulatory programs. This program must be fully in place by the mid 1990s to deal effectively with decisions potentially affecting almost 20 percent of the nation's electric supply. In fiscal year 1991, the NRC will prepare and implement the regulatory criteria needed for the license renewal process and will begin to review the first of two lead applications to renew nuclear power plant operating licenses.

Next, the standardization of nuclear power plant designs is an important Commission initiative that can significantly increase confidence in the safety, reliability, and availability of future nuclear power plants. Standardization will allow for a more expeditious and efficient review process and a more thorough understanding of the designs by the NRC. In support of this goal, the NRC will continue to conduct design certification reviews for evolutionary reactor designs and prepare procedurally and technically for the receipt of applications for advanced standardized designs.

Nuclear Safety Research

The NRC's nuclear safety research program improves our regulation through better definition of reactor safety margins, increased understanding of severe accident phenomenology and containment challenges, and development of new analytical tools needed to evaluate new safety issues as they arise. Our research program provides the independent expertise and information we need to make timely regulatory judgments, anticipates problems of potential safety significance so that new or expanded knowledge can assist the NRC in fulfilling its responsibilities, and develops the regulations and regulatory guides necessary to implement Commission policy or technical requirements.

The Commission believes that a stable safety research program is essential to provide a foundation for the strong and credible regulation needed to maintain and improve the nation's current civilian nuclear safety record. We cannot overemphasize the fact that a moderate increase in funding (which in reality is a restoration of cuts in the program over previous years) is critical for the success of long-range research and the stability of the program.

The fiscal year 1991 program will include increases primarily in the following areas:

> Research will be accelerated on the effects of irradiation and aging on reactor vessels, piping and support structures and other safety related equipment. This work is needed to provide the technical basis for regulatory decisions regarding continued safe operation of nuclear power plants as they age and for renewal of reactor operating licenses beyond their expiration date.

Research is also continuing to assess the performance of reactor safety systems and containments, and resolve technical uncertainties related to severe accident phenomena in order to permit regulatory closure of severe accident issues and review individual plant examinations for severe accident vulnerabilities.

Necessary studies will be conducted to provide the bases to supply technical advice to the states on low-level waste disposal, including research to validate reliability of engineered enhancements for shallow land burial.

Nuclear Material and Low-Level Waste Safety and Safeguards Regulation

NRC regulates a wide variety of nuclear materials licensees across the United States. For instance, there are some 24,000 licensed medical, academic, and industrial users of nuclear materials subject to regulation. Of these, approximately 8,000 are licensed directly by the NRC and about 16,000 are regulated by the 29 states that participate in the NRC Agreement States Program. The NRC's Agreement States assume regulatory responsibility for certain types of nuclear materials. The NRC periodically reviews the Agreement States' radiation control programs and provides the Agreement State personnel NRC-sponsored training opportunities to improve their ability to maintain high quality regulatory programs. In addition, the NRC provides technical assistance with regard to licensing, inspection, enforcement, and regulation development.

Nuclear materials are used in large industrial operations such as the manufacturing of reactor fuel and the production of medical radiopharmaceuticals, fabrication of consumer products such as smoke detectors, and smaller individual operations such as those using small quantities of radioisotopes in medical diagnosis and treatment.

Given the large and varied use of nuclear materials throughout this country, the overall safety record has been very good. However, the Commission will continue to increase the emphasis on improving licensee performance, particularly that of fuel cycle facilities, radiographers, and medical use licensees, since the average citizen is most likely to come in contact with nuclear materials through the medical and industrial applications of such materials.

With regard to fuel facilities, the NRC will be reviewing an application to construct and operate the nation's first privately owned uranium enrichment facility. The application is expected to be submitted in 1990 by Louisiana Energy Services. The NRC will need to assess and adjust its licensing procedures to efficiently accommodate this first-of-a-kind application.

The NRC will continue to place significant emphasis on implementing its responsibilities under the Low-Level Radioactive Waste Policy Amendments Act. This includes providing siting and design technical assistance to compact-affiliated and independent Agreement States as they proceed to develop and implement plans to construct low-level waste disposal facilities to meet the January 1, 1993 deadline to arrange for the disposal of their low-level waste. The first application to the NRC for such a disposal facility is expected in 1991.

During fiscal year 1991, the NRC will continue to develop the necessary regulatory framework for decommissioning commercial nuclear facilities and to compel cleanup actions at contaminated sites. The development activities include preparation of interim residual radioactivity criteria for decontaminating licensed facilities. In addition, the NRC will continue its efforts in reviewing and inspecting reactor decommissioning activities.

High-Level Nuclear Waste Regulation

The Nuclear Waste Policy Act, as amended, specifies a detailed approach for the long-range undertaking of high-level waste disposal, with the Department of Energy having operational responsibility and the NRC having regulatory responsibility for the transportation, storage, and geologic disposal of the waste. The disposal of high-level radioactive waste requires a high certainty of acceptable health and environmental impacts over thousands of years.

During fiscal year 1991, NRC will continue to implement its responsibilities under the Nuclear Waste Policy Act, as amended. The near-term impacts of the Department of Energy's recent high-level waste management program delays on the NRC's high-level waste management activities have been assessed and reductions in our high-level waste program are reflected in this budget request. Longer-term modifications to our high-level waste activities and resource levels for fiscal year 1992 and beyond will be made after the Department of Energy develops detailed implementation plans and will be reflected in future NRC budget requests.

LEGISLATIVE INITIATIVES

On February 6, 1990, the Commission submitted to Congress a proposed authorization bill for fiscal year 1991 which would implement the President's proposed budget for the NRC. In addition to the authorization bill, the Commission strongly urges the Congress to enact promptly the proposed Omnibus Nuclear Power Safety and Security Act that the Commission submitted to Congress on February 2, 1989. That bill is a collective of legislative proposals. We particularly need enacted our proposed amendments to section 206 of the Energy Reorganization Act and our proposal which would permit us to obtain administrative search warrants in limited circumstances. The augmented inspection and investigatory authority that these provisions would provide this agency would further our ongoing efforts to investigate the potential use of defective commercial grade parts in the nuclear industry.

CONCLUSION

The NRC is committed to continue meeting our safety mandate under applicable Federal statutes. We believe that our fiscal year 1991 budget is a responsible request for the resources needed to provide credible safety regulation of commercial nuclear power, civilian use of nuclear materials, and management and disposal of nuclear waste.

However, our regulatory responsibilities go beyond ensuring the safety of existing operating facilities. The NRC must prepare to meet the licensing challenges of the 1990s. We must have the resources to deal with new regulatory initiatives that are already on the horizon. License renewal for existing reactors, and review and certification of advanced standardized reactor designs are two of these issues that must be dealt with promptly and efficiently.

The modest funding increases we have asked for are absolutely necessary if the NRC is to continue to provide effective regulation and safety oversight of existing activities and to meet future initiatives. The Congress' continued support for the NRC's programs and resources is essential to the success of the regulatory program.

We urge you to authorize the full amount of our request.

APPENDIX

BUDGET RESOURCE SUMMARY[1]

Programs	FY 1990 FTE	FY 1990 $	FY 1991 FTE	FY 1991 $
Reactor Safety and Safeguards Regulation	1,485	$ 175.6	1,503	$ 185.8
Nuclear Safety Research	228	103.8	230	111.4
Nuclear Material and Low-Level Waste Safety and Safeguards Regulation	352	42.9	368	45.8
High-Level Nuclear Waste Regulation	83	21.9	79	19.6
Special and Independent Reviews, Investigations, and Enforcement	264	34.8	264	36.1
Nuclear Safety Management and Support	757	69.7	764	72.6
Inspector General	26	2.9	32	3.7
TOTAL	3,195	$ 451.6	3,240	$ 475.0

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[1] Dollars are expressed in millions.

Response to Senator Breaux's Question

QUESTION. In connection with your request for funds to "be prepared to evaluate licensee applications to renew reactor operating licenses beyond their expiration dates," would you please indicate how many reactors you anticipate may seek to extend their licenses? Upon what do you base this estimate?

ANSWER.

In a letter dated October 26, 1989, the Nuclear Management and Resources Council (NUMARC) stated that if both the proposed regulations governing license renewal were timely and efficient and the renewal process could be successfully demonstrated by the two lead plants (Yankee Rowe, Monticello) which have indicated their plans to seek renewed licenses, then NUMARC would estimate that at least 75 percent of the existing operating plants would be strong candidates for license renewal. Using the NUMARC percentage for planning purposes, NRC expects a minimum of 83 operating plants would be applying for license renewal.

TENNESSEE VALLEY AUTHORITY
KNOXVILLE, TENNESSEE 37902

OFFICE OF THE BOARD OF DIRECTORS

MAR 1 1990

The Honorable Quentin N. Burdick
The Honorable John H. Chafee
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Chairman Burdick and Senator Chafee:

In response to your request of February 20, the President's request for appropriations for the Tennessee Valley Authority (TVA) for fiscal year 1991 totals $91,302,000. TVA's budget is organized to reflect the redefinement of TVA's appropriated responsibilities into five functional areas. The President's requested amount is allocated among these functional areas as follows:

	(In Thousands of Dollars)		
	1990 Estimate	1991 Estimate	Change In Budget
Stewardship	52,246	63,874	11,628
Water and Land	11,535	4,980	-6,555
Land Between The Lakes	3,398	2,348	-1,050
Rural Development	21,457	-	-21,457
National Fertilizer & Environmental Research Center	33,031	20,100	-12,931
Total appropriations	121,667	91,302	-30,365

A brief explanation of each of the above line items and the rationale for the change in each follows:

Stewardship--To manage the agency's lands, structures, and reservoirs to ensure that they function in an efficient, effective, and environmentally sound manner.

The proposed increase of $11,628,000 would provide added resources to correct past problems of deferred maintenance and improve TVA's current standards of maintenance and service to a level more responsive to long-term requirements.

Water and Land--To better understand the interrelationships and facilitate the conservation and wise development of Valley natural resources.

The reduction of $6,555,000 would result chiefly from eliminating current activities in air resource management and in environmental education. These reductions also include program activities and services supporting improvements to dissolved oxygen levels in releases from TVA dams, groundwater protection, recreation services, forest industry technical assistance, mapping services, and studies justifying the possible replacement of upper Tennessee River locks.

Land Between The Lakes (LBL)--To provide quality outdoor recreation and environmental education for the American public.

The reduction of $1,050,000 would be the net effect of an increase of $1,000,000 for capital investments supporting development of new visitor facilities and a reduction of almost $2,000,000, eliminating current LBL efforts in cooperative research and national demonstrations. It would also reduce operating funds for interpretative services and environmental education. Many related visitor facilities would be closed.

Rural Development--To promote initiatives in partnership with others that enhance economic growth, principally in the region's rural areas.

The $21,457,000 reduction would terminate all current activities, leaving the responsibility for this area of activity entirely to other Federal and State agencies.

National Fertilizer & Environmental Research Center (NFERC)--To serve as the Nation's fertilizer research, development, and information center.

The reduction of $12,931,000 would eliminate TVA research into biomass technology, research determining the environmental effects of fertilizer use and developing fertilizer materials and practices which minimize environmental effects, and capital investments supporting the conversion to prototype production test facilities. It would also reduce the scope of continuing basic fertilizer research.

The effect of the proposed funding would be to decrease total TVA appropriated employment by at least 300 full-time employees.

In most instances the proposed budget does not incorporate any changes to established policy and direction on user fees and revenues. The one exception to this is an expected reduction of $10,100,000 from 1990 to 1991 in nonpower proceeds within the fertilizer program. This reduction is consistent with TVA's previously announced decision to phase out its demonstration scale fertilizer production facilities (15-20 tons per hour) in favor of smaller prototype facilities (1-3 tons per hour), resulting in smaller volumes of saleable experimental fertilizer products.

All activities of the proposed budget can be implemented within the authority of the current TVA Act. No additional legislation would be required.

No recession, deferrals, or supplementals are planned or proposed for fiscal year 1991.

Enclosed are responses to additional questions submitted by members of the Committee.

Best regards,

Marvin Runyon
Chairman

Enclosure

Questions for the Tennessee Valley Authority
Submitted by Senator Chafee
Fiscal Year 1991 Budget Request

1. Question: Please describe in detail which activities TVA will be undertaking with respect to acid rain deposition under the fiscal year 1991 budget request. How does this compare with work being carried out during this fiscal year and with efforts that would have been carried out under TVA's fiscal year 1991 budget request to the Office of Management and Budget (OMB)? Is any of this work funded by Power revenues?

Answer: None of the proposed activities under atmospheric impacts in the fiscal year 1991 OMB request involve acid rain deposition. TVA acidic deposition work conducted under this program will be concluded with the issuance of the final assessment report of the National Acid Precipitation Assessment Program (NAPAP). Followup acidic deposition work that will be done by TVA after the end of NAPAP will be funded from power revenues. In fiscal year 1991 this involves the continuation of research to determine the effects of acidic deposition on sensitive high elevation spruce-fir forests. This includes monitoring activities and work to determine the amount of nitrogen compounds deposited from the atmosphere and their effect on the vitality of the native red spruce trees atop Whitetop Mountain in southwest Virginia.

TVA program activities in air quality proposed to OMB were entirely directed toward regional ozone. However, none of the proposed activities are included within the President's budget submission.

2. Question: Please describe TVA's activity in the creation of artificial wetlands. Have any ongoing or new initiatives been budgeted for fiscal year 1991?

Answer: Using initial engineering criteria TVA, in cooperation with the State of Kentucky and three towns there, built constructed wetland systems to treat municipal wastewater. Based on performance, the original criteria were modified and used in two other demonstrations. One is a wetlands education center, a cooperative project with the U.S. Environmental Protection Agency and the Chattanooga Nature Center, at which an artificial wetland is being compared to a natural bottomland hardwood wetland to illustrate the value and teach the public about the benefits of both. The other is treating institutional wastewater from an Alabama high school. Specific design criteria for these systems have been published.

In response to increasing requests, TVA also developed design criteria to adapt a constructed wetland (in conjunction with a conventional septic tank) to treat waste from an individual home, built a prototype, and is monitoring the results. Tentative design guidelines for residential systems have been prepared.

The technology has also been extended to treating industrial wastes. Portable wetland tanks placed on trailers are being used to conduct treatability studies onsite, and initial results on chemical wastes from a tank car cleaning operation have shown the technology to be a viable treatment alternative. Constructed wetlands are also being used to treat acid drainage from a northeastern Alabama mine and to help control acid leachate from ash disposal ponds at fossil-fueled steam-electric generating plants. Research is being conducted to determine optimum designs and operational methods to cost-effectively treat these discharges.

Technology transfer is being used to help inform and train potential users. The Kentucky demonstration projects are well visited and widely documented in both lay and scientific literature. Training seminars have been conducted for state regulatory agencies and a major scientific conference in 1988 drew a large number of national and international attendees.

Although no new constructed wetland initiatives have been specifically identified for fiscal year 1991, ongoing evaluations of promising applications will continue and those having the most potential will be pursued as available funds allow.

3. Question: Please describe, if any, the change in philosophy, funding and emphasis associated with the recent change in the name of the National Fertilizer Development Center.

Answer: TVA changed the name of the Center to the National Fertilizer & Environmental Research Center (NFERC) to reflect the direction its mission is taking. For the past several years, TVA's approach has been to develop and introduce technologies to produce fertilizers more efficiently in an effort to help U.S. farmers produce food and fiber more economically for the American consumer. That is still a major objective of the program. In the NFERC, however, more intense activity will be undertaken to develop and introduce fertilizer materials and practices to reduce any adverse environmental effects as a result of fertilizer and agricultural operations. This is TVA's way of helping the Nation protect its ground and surface waters from contaminants. A major change in program philosophy and emphasis is that the development of environmentally promising new fertilizer materials will be pursued without having economic competitiveness (compared with conventional fertilizer materials) as the overriding criterion for acceptance. This new emphasis will allow development of fertilizers and fertilizer manufacturing practices which will reduce the threat to contaminating drinking water supplies and satisfy regulations calling for "environmentally safe" fertilizers. TVA must also assure, however, that these environmental technologies are cost effective and will allow farmers, fertilizer dealers, and the industry to remain in business.

Initial increased environmental activities in 1990 are funded by redirecting resources from current research and development programs. Additional appropriated funds needed to develop new technologies for cleaning up contaminated waste streams, develop more environmentally acceptable fertilizers, and conduct other research to help the Nation reduce the potential of polluting surface and groundwater from fertilizer-related operations. TVA is also seeking funding from the private fertilizer and chemical industries and cooperative funding from other Federal agencies.

4. Question: Please describe any ongoing programs and/or new initiatives at TVA's National Fertilizer & Environmental Research Center that are directed toward surface and groundwater improvement and nonpoint source pollution. What is the funding request for these programs? Is TVA duplicating current efforts in this area by the EPA or the Department of Agriculture? Is TVA involved with private cost-sharing partners in environmental research?

Answer: TVA is intensifying, expanding, and starting nutrient-related environmental program activities at the National Fertilizer & Environmental Research Center (NFERC). Emphasis will be on the development and introduction of technologies needed to address the increasing national concern about surface and groundwater in the 1990s. Through research and development TVA is creating improved management practices to improve efficiency of nutrient use by crop plants. Controlled-release fertilizers and other new products will be reevaluated to reduce the leaching of nutrients into groundwater. These activities have the dual purpose of developing least-cost fertilizer materials and practices which are also environmentally acceptable. They are funded in the proposed budget at $12,100,000 for 1991. However, TVA has an additional capability of about $2,000,000 for this area of fertilizer research.

The NFERC has also started a national program in 1990 to introduce containment technologies to the fertilizer industry to help avoid contamination of water supplies from their mixing and distribution operations. The idea is to prevent spills at fertilizer plants from entering surface or groundwater. Research will be initiated to develop technologies to minimize waste generation, cleanup of waste streams and contaminated sites, degradation of pesticides in waste streams, removal of heavy metals from phosphate, and related technologies. A computer-aided data base to track state water quality strategies, research results, and other information needed by TVA staff, regulatory officials, cooperating agencies, and environmental groups was also begun this year.

The proposed budget provides no funding for continuing this work in 1991. However, TVA has the capability for about $5.9 million for these activities in 1991. Of that amount, $3 million would be allocated to expanded and new research and development. The remainder would fund our national environmental technology introduction program.

TVA is working in cooperation with the USDA, EPA, USGS, and other agencies who are addressing the water quality issue. There is a great deal of cooperation and no duplication of effort. TVA's unique expertise in chemical, engineering, and agricultural research--coupled with plant and laboratory facilities--dovetail nicely with the expertise and mission of the other agencies. This cooperative arrangement increases the effectiveness of all the involved agencies, prevents duplication, and assures better returns on the use of public funds.

5. Question: Will the closure of the Fertilizer Center's relatively large demonstration-scale plants adversely affect revenue generation and thus limit future fertilizer and environmental research?

Answer: Closure of the demonstration-scale plants will eventually reduce TVA's gross revenues from fertilizer sales by approximately $13 million annually from 1989 levels, but will have a relatively small effect on net revenue and essentially no effect on research and development programs.

Gross income from fertilizer sales was $17.2 million in FY 1988, $18.2 million in FY 1989, and is projected at $14.6 million for FY 1990, the transition year to prototype plant operations. High operating costs of our old demonstration-scale plants have eliminated any net revenue from fertilizer sales in recent years. This funding was not used for research programs which are financed mostly from appropriations.

The net financial and program impacts of the shift from demonstration-scale to smaller prototype plants will be positive. We will go to a more targeted approach with the smaller output of the plants.

6. Question: Please outline TVA's general system for collecting revenues at recreation areas (entrance fees, dock charges, etc.).

Answer: TVA's fee collection authority comes from the TVA Act and fees are established and collected consistent with the provisions of the Land and Water Conservation Fund Act.

Revenue is collected at TVA-managed recreation areas on the reservoir system and at Land Between The Lakes (LBL) primarily from user fees charged at developed campgrounds and group camps. Some additional revenues are generated through picnic pavilion reservation fees, program fees at educational or interpretive centers, and special event parking fees. Public and commercial recreation use fees are reviewed annually across the reservoir system, and TVA fees are set to be comparable for similar facilities in the local service area.

Revenues are collected by onsite resident managers, attendants, or staff; LBL Patrol officers; and Public Safety Service officers. An established and approved procedure is followed to collect, document, safeguard, transport, and deposit all fee collections. The TVA appropriated funding request for operating and maintaining recreation areas is essentially offset by the amount of annual revenue projected, since TVA has the statutory authority to retain and use for certain purposes revenues collected by it. In fiscal year 1989, user fees were charged at 46 fee management units.

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
WASHINGTON, D.C. 20590

OFFICE OF
THE ADMINISTRATOR

March 19, 1990

IN REPLY REFER TO:
HCC-10

The Honorable Quentin N. Burdick
Chairman, Committee on Environment,
and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your letter dated February 20, 1990, in which you request the submission of a written statement on the fiscal year 1991 budget request for the Federal Highway Administration.

Enclosed is the written statement which I understand will be made part of the Committee's fiscal year 1991 budget review record. Also enclosed are the answers to the questions submitted by members of the Committee.

I hope this information is of assistance in making your recommendations to the Committee on the Budget regarding annual spending levels for the programs within your Committee's jurisdiction.

The Office of Management and Budget has advised that there is no objection to the submission of this report for the consideration of the Committee.

Sincerely yours,

T. D. Larson
Administrator

WRITTEN STATEMENT OF
THOMAS D. LARSON

ADMINISTRATOR
FEDERAL HIGHWAY ADMINISTRATION
DEPARTMENT OF TRANSPORTATION

BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

THE FISCAL YEAR 1991 BUDGET

Mr. Chairman, Members of the Committee. Thank you for providing me this opportunity to submit to the Committee written testimony discussing the Federal Highway Administration's budget proposal for Fiscal Year (FY) 1991.

The Federal Highway Administration budget proposal for FY 1991 was developed in accordance with the Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA) and the Commercial Motor Vehicle Safety Act of 1986. The budget proposal is aimed to meet infrastructure needs while achieving overall deficit targets. We view our FY 1991 request as a bridge between the last year of authorization under the 1987 Act and reauthorization legislation which will address highway needs in FY 1992 and beyond.

As we look to a cohesive transportation policy, one primary objective of this budget is to lay the initial groundwork for the preservation, enhancement and management of the transportation infrastructure. This issue is fully explored in the National Transportation Policy and will be reflected in our

Highway reauthorization legislation. However, our immediate goal is to meet the demands of the traveling public while maintaining fiscal restraint. I believe the budget we have submitted will accomplish this goal.

KEY ELEMENTS OF THE FY 1991 BUDGET

The FY 1991 Federal Highway Administration budget contains funding requests in five program areas; Federal Aid Highways, Highway Related Safety Grants, Motor Carrier Safety, Motor Carrier Safety Grants and University Transportation Centers. Our proposal includes budget authority of $14.2 billion, obligations of $13.3 billion and outlays totaling $14.0 billion.

I would now like to take this opportunity to review each of these program areas along with two limitation accounts, General Operating Expenses and the Right of Way Revolving Fund.

FEDERAL AID HIGHWAYS

This trust funded program constitutes the largest segment of our budget with a proposed obligation limitation for FY 1991 of $12.013 billion. This limitation excludes an estimated $1.2 billion of obligations for those programs which we propose for exemption. These exempt programs are: Emergency Relief, Minimum Allocation, and Alaska Highway as well as obligations from the 1989 Federal Disaster Assistance appropriation.

Along with the aforementioned program level, we request a $13.770 billion liquidating cash appropriation for FY 1991 which is necessary to assure sufficient cash to reimburse the States for this program.

GENERAL OPERATING EXPENSES

With the exception of Motor Carrier Safety activities, the General Operating Expenses account controls spending for essentially all of Federal Highway's administrative costs such as salaries, travel, equipment purchases, etc., research and development, and technology transfer.

Obligations for this account are included within the Federal Aid Highway obligation limitation with $264.5 million requested for FY 1991, some $31.2 million over the enacted 1990 limitation.

Some of the more significant changes in our General Operating Expenses budget for FY 1991 include: (1) restructuring some no-year and other technical programs into a "Highway, Science and Technology" program for which we are requesting an $18.0 million increase including almost $11 million for a significant expansion of our Intelligent Vehicle/Highway Systems and $3 million for the Advanced Highway Simulator; (2) requesting $2 million for the Tax Evasion Project which would expand our $500 thousand effort initiated in FY 1990; (3) increasing our Minority Business

Enterprise Supportive Services program by $2.3 million to $7.9 million; and (4) adjustments-to-base and built-in changes of $8.7 million including $5.5 million for FY 1990 and FY 1991 pay adjustments.

MOTOR CARRIER SAFETY

Under this program, FHWA establishes and enforces minimum Federal standards for operating Commercial Motor Vehicles in interstate and foreign commerce. A $40.7 million appropriation for FY 1991 is requested for this program. This funding level represents a $7.4 million increase over the amounts appropriated for FY 1990.

Some of the more significant changes in our Motor Carrier Safety budget for FY 1991 include: (1) increasing ADP support by $ 9 million and ADP equipment by $.3 million; these ADP increases will result in an improved ability to monitor carrier performance and identify carriers for safety and compliance review; (2) increasing motor carrier safety research by $.5 million; these increases will allow for a balanced research effort including $.5 million for driver fatigue and alertness research; and (3) a net increase of $5.6 million for adjustments-to-base and built-in changes, including $3.0 million annualization of the 185 new positions approved by Congress for FY 1990.

The key to safety enforcement activities in the motor carrier industry is the ability to conduct reviews of motor carriers' compliance with Federal regulations. In addition, increased emphasis is being placed on the safe highway transport of hazardous materials. The additional inspectors and support staff authorized for FY 1990, who will be in place and increasingly effective in FY 1991, will greatly enhance these safety efforts.

MOTOR CARRIER SAFETY GRANTS

The Motor Carrier Safety Assistance Program (MCSAP) was established under the Surface Transportation Assistance Act of 1982. Under this program, FHWA awards grants and technical assistance to the states to conduct roadside inspections of commercial vehicles and their drivers.

For FY 1991, a $60 million limitation on obligations is proposed for the two program areas authorized, Basic Grants to States ($46.7 million) and the Commercial Driver's License program ($13 million). The remaining $300 thousand limitation is for administrative support of the program for such activities as field demonstrations and program promotion.

HIGHWAY RELATED SAFETY GRANTS

The Highway Related Safety Grants program provides funds to states for programs designed to improve highway safety at the state and local level. For FY 1991, FHWA is proposing a $10 million obligation limitation, which is the same as the amount authorized for this program in FY 1991. To meet cash payments from new and prior obligations, a $10 million liquidating cash appropriation is requested.

UNIVERSITY TRANSPORTATION CENTERS

This program, which was authorized under the Surface Transportation and Uniform Relocation Assistance Act of 1987, calls for the establishment of academic transportation centers in each of the ten Federal regions. These centers are to become a focal point and attractor of the region's best talent, resources, and facilities for promoting individual initiatives in and across transportation modes and disciplines. In FY 1991, a $5 million appropriation is requested for funding the FHWA share of these institutional activities.

RIGHT-OF-WAY REVOLVING FUND

The program objective of the Right-of-Way Revolving Fund is to allow states to acquire highway rights of way significantly in advance of construction by providing interest free loans to states. To ensure continued prudent management of this Federal program, FHWA proposes a limitation on direct loans of $47.850 million.

COMMITTEE'S POINTS OF INTEREST

In your letter you requested information regarding certain points of interest to the Committee. The first item refers to increases or decreases between FY 1990 appropriated level and the requested level of funding and personnel for agency programs in the FY 1991 budget. Attached to this statement is a table which describes these differences.

In addition, we are not proposing any increases or decreases in user fees or revenues to support program objectives, and do not expect any need for legislative initiatives to implement any part of our FY 1991 budget request or programs. Finally, no rescissions, deferrals or supplementals are proposed for FY 1991.

CONCLUSION

In conclusion, we have put together a responsible budget both in terms of fiscal restraint and meeting the critical requirements of the highway infrastructure.

The total highway budget for FY 1991 complements the Department's National Transportation Policy, supporting goals such as improved highway safety, minimizing user fee evasion, ensuring a healthy motor carrier industry, emphasizing environmental concerns and rehabilitating the highway network.

Once again, thank you for this opportunity to discuss our FY 1991 budget request program.

* * END * *

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

SUMMARY OF REQUIREMENTS

(Dollars in thousands)

	F.Y.1990 Adjusted	F.Y.1991 Estimated	Increase or Decrease
LIMITATION ON GENERAL OPERATING EXPENSES			
Limitation	[233,298]	[264,470]	[31,172]
Positions	2,621	2,621	0
Full-time equivalents	2,675	2,675	0
MOTOR CARRIER SAFETY(GENERAL FUNDS)			
Budget Authority (Appropriation)	33,297	40,719	7,422
Obligations	33,582	40,719	7,137
Outlays	33,429	41,613	8,184
Positions	633	633	0
Full-time equivalents	510	602	92
HIGHWAY SAFETY RESEARCH AND DEVELOPMENT			
Budget Authority (Appropriation)	6,062	...	-6,062
Obligations	7,209	...	-7,209
Outlays	5,530	5,374	-156
HIGHWAY-RELATED SAFETY GRANTS			
(LIQUIDATION OF CONTRACT AUTHORIZATION)			
Contract Authority	9,860	10,000	140
Obligation Limitation	[9,377]	[10,000]	[623]
Obligations	9,377	10,000	623
Outlays	9,314	10,579	1,265
Liquidating Cash	9,377	10,000	623
RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION			
PROJECTS(Sec.163) (18 CITIES)			
Budget Authority (Appropriation)	4,948	...	-4,948
Obligations	7,637	7,637	0
Outlays	2,484	4,689	2,205

	F.Y.1990 Adjusted	F.Y.1991 Estimated	Increase or Decrease
MISCELLANEOUS APPROPRIATIONS			
Budget Authority (Appropriation)	146,090	...	-146,090
Obligations	202,845	...	-202,845
Outlays	93,687	104,748	11,061
UNIVERSITY TRANSPORTATION CENTERS			
Budget Authority (Appropriation)	4,985	5,000	15
Obligations	4,985	5,000	15
Outlays	997	2,595	1,598
FEDERAL-AID HIGHWAYS (LIQUIDATION OF CONTRACT AUTHORIZATION)			
Contract Authority and Appropriations	14,924,390	14,101,139	-823,251
Obligation Limitation	[12,210,000]	[12,013,000]	[-197,000]
Obligations	13,854,979	13,204,187	-650,792
Outlays	13,622,900	13,651,400	28,500
Liquidating Cash	13,619,020	13,770,000	150,980
Positions	239	239	0
Full-time equivalents	275	277	2
RIGHT-OF-WAY REVOLVING FUND (LIQUIDATION OF CONTRACT AUTHORIZATION)			
Obligations	...	...	0
Outlays	...	...	0
Loan Limitation	[42,373]	[47,850]	[5,477]
TRUST FUND SHARE OF OTHER HIGHWAY PROG.			
Budget Authority (Appropriation)	9,897	...	-9,897
Obligations	15,200	15,126	-74
Outlays	12,654	15,100	2,446

	F.Y.1990 Adjusted	F.Y.1991 Estimated	Increase or Decrease
MOTOR CARRIER SAFETY GRANTS			
Contract Authority	59,160	60,000	840
Obligation Limitation	[60,019]	[60,000]	[-19]
Obligations	60,019	60,000	-19
Outlays	62,510	62,540	30
Liquidating Cash	51,844	63,000	11,156
MISCELLANEOUS TRUST FUNDS			
Budget Authority (Appropriation)	3,737	3,643	-94
Obligations	13,803	3,643	-10,160
Outlays	7,786	8,177	391
Liquidating Cash	...	...	0
Positions	15	15	0
Full-time equivalents	16	16	0
BALTIMORE-WASHINGTON PARKWAY			
Budget Authority (Appropriation)	11,964	...	-11,964
Obligations	27,202	...	-27,202
Outlays	11,641	13,355	1,714
MISCELLANEOUS HIGHWAY TRUST FUNDS			
Budget Authority (Appropriation)	63,171	...	-63,171
Obligations	169,925	...	-169,925
Outlays	48,377	65,680	17,303
GRAND TOTAL-FHWA			
Contract Authority/Budget Authority	15,277,561	14,220,501	-1,057,060
Obligations	14,406,762	13,346,312	-1,060,450
Outlays	13,911,309	13,985,850	74,541
Liquidating Cash	12,760,905	13,722,000	961,095
Positions:			
Direct	3,508	3,508	0
Financed from transfer and reimbursable accounts	189	189	0
Total Positions	3,697	3,697	0
Full-time Equivalents			
Direct	3,476	3,570	94
Financed from transfer and reimbursable accounts	226	224	-2
Total, Subject to Ceiling	3,702	3,794	92
Not subject to Ceiling	83	83	0
Total Full-time Equivalents	3,785	3,877	92

QUESTIONS FOR THE FEDERAL HIGHWAY ADMINISTRATION FROM SENATOR BURDICK

QUESTION 1: When do you expect the Administration's National Transportation Policy to be released?

ANSWER: The National Transportation Policy was released on March 8.

QUESTION 2: Last year the U.S. Department of Transportation (DOT) sponsored a series of outreach events around the country to seek the public's views on transportation needs. When will the report on these hearings be available?

ANSWER: The results of the outreach effort were folded into the National Transportation Policy.

QUESTION 3: When will DOT submit highway reauthorization legislation? Will transit and highway safety legislation be included in the package?

ANSWER: The Department is continuing to work on highway reauthorization legislation. At this time, it is not possible to provide a definite transmittal date to Congress. It is anticipated that the highway legislation will be a part of a Surface Transportation bill that will also include transit and highway safety.

QUESTION 4: In developing the National Transportation Policy, has the Department looked at restructuring existing programs and modal agencies? If so, what reorganization plans are under consideration?

ANSWER: The NTP calls for restructuring existing programs to focus Federal transportation resources on facilities of national significance and to move from predominantly categorical grants to broader, more flexible Federal funding for transportation. This will be reflected in the reauthorization legislation. Regarding reorganization plans, there are no specific proposals at this point, but as part of the implementation of the NTP, a look will be taken at restructuring functions and processes within the Department that overlap modes.

QUESTION 5: In its FY 1991 budget proposal, the Administration has emphasized the importance of user fees in financing transportation and has proposed an increase in aviation user fees. Is an increase in highway user fees under consideration?

ANSWER: No, an increase in highway user fees in not under consideration.

QUESTION 6: Please discuss the pros and cons of the proposal to increase the size of the Federal-aid highway program by spending down the balance in the Highway Trust Fund.

ANSWER: The advantage to using the balance in the Highway Account of the Trust Fund is simply that more resources will be made available to the States to improve their transportation infrastructure at a time when the condition of our highways and bridges is a concern across the nation. The major disadvantage is that by using the balance, highway spending will be contributing to the deficit. When spending in one year exceeds the amount collected in user fees, the result is a negative effect on the budget. It should also be noted that once the balance is spent down, the program level will drop unless highway user taxes are increased.

QUESTION 7: According to a recent staff paper prepared by the Office of Management and Budget, the Federal Highway Administration should correct "poor practices in the employment of consultants." Please explain.

ANSWER: The FHWA published in the Federal Register on March 5, 1990 a Notice of Proposed Rulemaking (NPRM) (55 FR 7739). The Final Rule which results from this notice should help improve the process for employment of consultants by providing detailed guidance to FHWA field offices and state highway agencies regarding such issues as a better prepared scope of work, review of proposals, improved selection procedures, assignment of responsibilities, and monitoring of progress.

We will inform the Committee of the results of this rulemaking and welcome your input to such rule.

QUESTION FROM SENATOR BAUCUS TO THE FEDERAL HIGHWAY ADMINISTRATION

QUESTION: The President's Budget and recent statements by Secretary Skinner stress increased reliance on user fees to pay for funding increases to improve our transportation system. However, the Federal Highway Program is almost completely financed through user fees--99.7% of the Highway Trust Fund comes from user fees. However, once again, the Administration refuses to spend all of the money flowing into the Fund. How can this be justified? Are these additional dollars needed to improve our nation's highways? Why does the administration's request represent a net decrease in highway spending from last year's level?

ANSWER: As you may know, the Highway Trust Fund balance is currently about $10 billion, however, when analyzing this balance, one must consider that there is a $30 billion total outstanding commitment balance against the fund, ie. incoming bills. Basically the Highway Trust Fund is a leveraged account which relies on future revenues to meet commitments.

The charge that the Administration is not spending all of the money flowing into the account is unfounded. For example the estimated tax receipts for FY 1990 is $13.436 billion with estimated outlays against the Highway Trust Fund in 1990 amounting to $13.969 billion. Under the Administration's FY 1991 budget proposal, spending from the Highway Account will again exceed tax receipts -- by $264 million.

Department of Energy
Washington, DC 20585

April 13, 1990

The Honorable Quentin N. Burdick
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In response to your letter of February 20, 1990, requesting a written statement on the Office of Civilian Radioactive Waste Management FY 1991 Congressional Budget Request, enclosed is a copy of my statement before the House Appropriations Subcommittee on Energy and Water Development.

You indicated several areas of the FY 1991 Congressional Budget Submission that should be specifically discussed. Enclosed is also a table which depicts line item increases and decreases between the FY 1990 Appropriated level and the FY 1991 Request.

There are no proposed increases or decreases in the user fee calculation or revenues to support program objectives. Likewise, there are no legislative initiatives required at this time to implement any part of the FY 1991 Congressional Budget Request or program objectives; nor do I foresee any rescissions, deferrals, or supplemental appropriations being proposed for FY 1991.

Thank you for the opportunity to respond to questions concerning the FY 1991 Congressional Budget Submission. Should you require additional information, please contact me.

Sincerely,

Samuel Rousso, Acting Director
Office of Civilian Radioactive
Waste Management

2 Enclosures

Line Item Increases/Decreases
Nuclear Waste Fund
(dollars in thousands)

	FY 1990	CHANGE	FY 1991 REQUEST
FIRST REPOSITORY: Increase to fund a limited drilling program to conduct scientific investigations of Yucca Mountain, focused on surface-based testing for an early indication of site suitability; continue support of the exploratory shaft facility (ESF) Title II design activities; complete the ESF Alternative Strategies Studies; maintain an NRC accepted quality assurance program; and, provide for modest program expansion in the regulatory, institutional and environmental areas.	$176.1	$+17.1	$193.2
MRS: Increase due to the initiation of generic conceptual design efforts and initiation of siting activities, as well as grants to States, Indian Tribes or units of local government to assess the feasibility of siting an MRS in their jurisdiction. Grant payments for FY 1991 will be approximately $5.0M.	$ 3.0	$+ 7.0	$ 10.0
TRANSPORTATION, SYSTEMS INT. & ENGINEERING DEVELOPMENT: Total availability for FY 1990 is $32.5 million which includes $10.5 million of prior year funds. While new Budget Authority increased $8.3 million, actual availability decreased by $2.2 million. This reduction in the level of funding requested for this subprogram results in a reduction in cask acquisition and cask design studies.	$ 22.0	$+ 8.3	$ 30.3
PROGRAM MANAGEMENT & TECHNICAL SUPPORT: FY 1991 activities are partially funded with $7.7 million of prior year funds which maintains an essentially level program.	$ 67.0	$- 7.7	$ 59.3
NUCLEAR REGULATORY FEES: Prior to FY 1990, funds for NRC's licensing related activities were requested by the DOE from the Nuclear Waste Fund and paid retrospectively to the NRC. Beginning in FY 1990, requests for Nuclear Waste Fund funding for NRC licensing related activities will be included in NRC's budget to Congress.	$ 27.1	$-27.1	$ 0
Total	$295.2	$- 2.4	$292.8

STATEMENT OF

SAMUEL ROUSSO
ACTING DIRECTOR
OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT
DEPARTMENT OF ENERGY

BEFORE THE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
HOUSE OF REPRESENTATIVES

MARCH 8, 1990

Statement of Samuel Rousso
Acting Director, Office of Civilian Radioactive
Waste Management
Department of Energy
FY 1991 Appropriations Hearings

Mr. Chairman and Members of the Subcommittee:

I am pleased to present to you information concerning the fiscal year (FY) 1991 budget for the Office of Civilian Radioactive Waste Management OCRWM). It includes major activities planned for FY 1991 under the Nuclear Waste Fund program, as well as under the Civilian Radioactive Waste Research and Development (R&D) program. However, before presenting the budget, by way of background, I would like to review some of the major events of the past year.

In 1989, Secretary Watkins initiated a comprehensive review of the Civilian Radioactive Waste Management Program in an effort to address concerns -- shared by Congress and utility representatives -- related to the program's schedule slips, problems in management structure, and lack of integrated contractor efforts. The results of that review were summarized in the Secretary's "Report to Congress on Reassessment of the Civilian Radioactive Waste Management Program" submitted last November. The Secretary concluded that the program and supporting activities have a sound scientific basis but could not be executed effectively under existing management initiatives and structure. A new management action plan was established to focus on three major activities:

- developing and implementing a new management structure;
- obtaining the necessary permits at the Yucca Mountain site in Nevada to initiate detailed scientific investigations as the focus of site characterization to evaluate the suitability of the site for development of a repository; and,

- developing options to ensure timely acceptance of spent fuel through the establishment of a monitored retrievable storage (MRS) facility.

Significant steps are being taken to restructure the program and to work toward the development of an environmentally safe and efficient nuclear waste disposal system. I will discuss briefly the progress DOE is making to implement the Secretary's new management action plan.

MANAGEMENT RESTRUCTURING

Several important actions have been taken to establish improved management structure and procedures. They are as follows:

The Secretary selected -- and the President has nominated -- Dr. John W. Bartlett to direct the Civilian Radioactive Waste Management Program. His confirmation hearing before the Senate Committee on Energy and Natural Resources was held on February 5. The Committee approved his nomination on February 21, and he is now awaiting full Senate confirmation.

Direct-line reporting from the Yucca Mountain Project Office to DOE Headquarters also has been established to facilitate the management and execution of the program. Formerly, the Project Office reported to the Under Secretary through the Department's Nevada Operations Office. Now, the Project Office will report and be accountable directly to OCRWM.

At the direction of the Secretary, an independent management review of the Civilian Radioactive Waste Management Program was undertaken. The results of that internal review will be submitted to the new Director, when confirmed. An interim realignment, however, is now being implemented to focus efforts on major projects and on the development of supporting management plans and procedures.

Also, an intensive review of contractor support is being conducted to eliminate overlapping efforts and identify activities that could be deferred, cancelled, or consolidated in light of the program's current schedule, priorities, and level of funding. The contract review will provide the data base for a reduction in the number of contractors assigned to specific tasks. Efforts are focusing now on the management and scope of contractor support requirements at the Yucca Mountain Project Office, at OCRWM Headquarters, and at supporting DOE Operations Offices.

Of special note, the Secretary's comprehensive program review included a detailed reevaluation of the overall program schedule -- that is, the schedule for the repository, the MRS facility, and the transportation program. As a result of the review -- and for the first time since enactment of the Nuclear Waste Policy Act -- milestones have been established that are based on a realistic assessment of activity durations and past experience. Three schedules, which track three major program phases, have been made available for public review and comment:

- a near-term schedule that sets a course for the program's activities over the next 15 months;
- a longer-term schedule that identifies scientific investigation activities through the year 2001 -- the earliest time that the Department now expects that a repository license application could be submitted to the Nuclear Regulatory Commission; and
- a revised reference schedule that extends out to the year 2010 -- the earliest date that the Department expects that a repository could begin operating.

While the revised schedules reflect a delay in the expected start of repository operations from the year 2003 to 2010, I think this is no surprise to this Subcommittee nor to anyone knowledgeable of the challenges faced in this program. The earlier completion dates were unrealistic, overly optimistic, and were not based enough on scientific and institutional reality. While I cannot guarantee that there will be no future delays in this project, the dates contained in the proposed schedules are based on sound estimates of technical duration and on scientific requirements.

COMMENCEMENT OF SCIENTIFIC INVESTIGATIONS AT YUCCA MOUNTAIN

Based on the restructured program and schedule, the Department's new emphasis will be on implementing a two-step process for assessing the suitability of the Yucca Mountain site. Initial efforts will focus on surfaced-based evaluations to assist in the early identification of potentially disqualifying conditions. Initiation of surface-based activities would be followed by the development of an exploratory shaft facility (ESF); this phased approach is planned to allow resolution of ESF design and quality assurance issues. Previous schedules included plans to begin exploratory shaft construction at Yucca Mountain in November 1989 and, at the same time, conduct surface-based testing. Environmental permits are required to do this surface-disturbing work.

The Department has been attempting to carry out the 1987 amendments to the Nuclear Waste Policy Act, which requires DOE to characterize the Yucca Mountain site. Actions undertaken by the State of Nevada, however, have prevented us from carrying out the direction of Congress and have clearly added delays to the program. Cooperation and direct negotiation with the State of Nevada is, of course, the preferred approach to proceeding with these Congressionally-mandated scientific investigations, but the State has refused to cooperate. In fact, Nevada enacted a law that it claims prohibits the storage or disposal of high-level nuclear waste in Nevada.

Moreover, last December the State of Nevada returned DOE's permit applications unprocessed. Federal law requires DOE to characterize the Yucca Mountain site to assess its suitability as a geologic repository, but current Federal law also requires DOE to obtain permits from the State to conduct such work.

On January 5, 1990, the State of Nevada filed a lawsuit against DOE in which it contends that the Nevada legislature has effectively "disapproved" Yucca Mountain as a potential repository site under the Nuclear Waste Policy Act and asks for an order directing DOE to terminate site characterization activities at the Yucca Mountain site. To break this impasse, on January 25, 1990, the Department of Justice filed suit for DOE against the State of Nevada seeking a court order requiring the State to process DOE's permit applications within 30 days.

MONITORED RETRIEVABLE STORAGE

The Department continues to believe that the development of a monitored retrievable storage (MRS) facility is an integral part of the waste management system. The MRS is critical to our objective of timely acceptance of waste and allows us to meet other strategic objectives, such as timely disposal, schedule confidence, and system flexibility.

Therefore we continue to move forward with plans for implementation of the MRS.

To address waste storage needs occurring before the availability of a permanent repository, the Department is reviewing the legislative options that may be available to establish an MRS facility prior to the development of a permanent disposal site. We are also developing an MRS strategy that focuses on seeking volunteers and carrying out the institutional processes necessary to proceed. We believe the early development of an MRS facility -- with our target for initial operation in 1998 -- is critical to achieving the goal of timely acceptance of spent fuel from commercial reactor sites and to establishing public confidence in the Nation's ability to safely manage and dispose of its nuclear waste.

BUDGET OVERVIEW

With this background in mind, let me now turn to discussion of our FY 1991 budget request. To meet our responsibilities in the Civilian Radioactive Waste Management Program, and based on the restructured program and scientific investigation plans, DOE is requesting $292.8 million from the Nuclear Waste Fund, which is funded through fees paid by nuclear-generating utilities, and $0.7 million from the General Fund under the Civilian Radioactive Waste Research and Development program. The Nuclear Waste Fund request includes $193.2 million for activities associated with repository studies, which includes surface-based testing at Yucca Mountain scheduled to begin in January 1991, assuming an early resolution to the permitting impasse in Nevada. The $292.8 million request from the Nuclear Waste Fund compares to $295.2 million available in FY 1990 (Table 1).

TABLE 1

Department of Energy
FY 1991 Congressional Budget Request
(dollars in thousands)

LEAD TABLE
Nuclear Waste Fund

Activity	FY 1989	FY 1990	FY 1991 Request
First Repository			
Operating Expenses	$223,700	$176,058	$183,220
Capital Equipment	0	0	10,000
Subtotal, First Repository	223,700	176,058	193,220
Monitored Retrievable Storage			
Operating expenses	15,000	3,000	10,000
Trans., Syst. Int., & E.D.			
Operating Expenses	40,800	21,700	29,980
Capital Equipment	200	300	300
Subtotal, Trans., Syst. Int., & E.D.	41,000	22,000	30,280
Program Management & Tech. Support			
Operating Expenses	71,432	65,498	57,733
Capital Equipment	700	1,500	1,600
Subtotal, Program Mgmt. & Tech. Support	72,132	66,998	59,333
TOTAL PROGRAM	351,832	268,056	292,833
Nuclear Regulatory Commission Fees	15,000	27,100	0
TOTAL NUCLEAR WASTE FUND	$366,832	$295,156 2)	$292,833
Outyear Funding Adjustment 1)			
Total Nuclear Waste Fund Outyears Staffing (FTE's)	268	249	250

1) Outyear numbers will be re-evaluated prior to formal submittal of the FY 1992 budget and either requirements will be adjusted or the amount provided will be increased based on the actual needs of the program.

2) FY 1990 reflects final Gramm-Rudman-Hollings sequester adjustments and P.L. 101-164 reductions to fund anti-drug activities.

Authorization: Section 31, P.L. 83-703, P.L. 97-425, and P.L. 100-203.

The estimates for FY 1992 and FY 1993 contained in the FY 1991 budget request are $303.1 million and $312.9 million, respectively. These represent estimates adjusted to reflect the Office of Management and Budget passback mark for outyear funding. The estimates will be reevaluated based on actual needs of the program and will be adjusted accordingly prior to formal submittal of the FY 1992 budget.

The FY 1991 budget request is designed to implement the program laid out in the Secretary's Report to Congress on Reassessment of the Civilian Radioactive Waste Management Program. The budget request is based on the restructured program and schedule, with emphasis directed at completing near-term milestones related to those scientific investigations of Yucca Mountain focused on evaluating the suitability of the site for development of a repository.

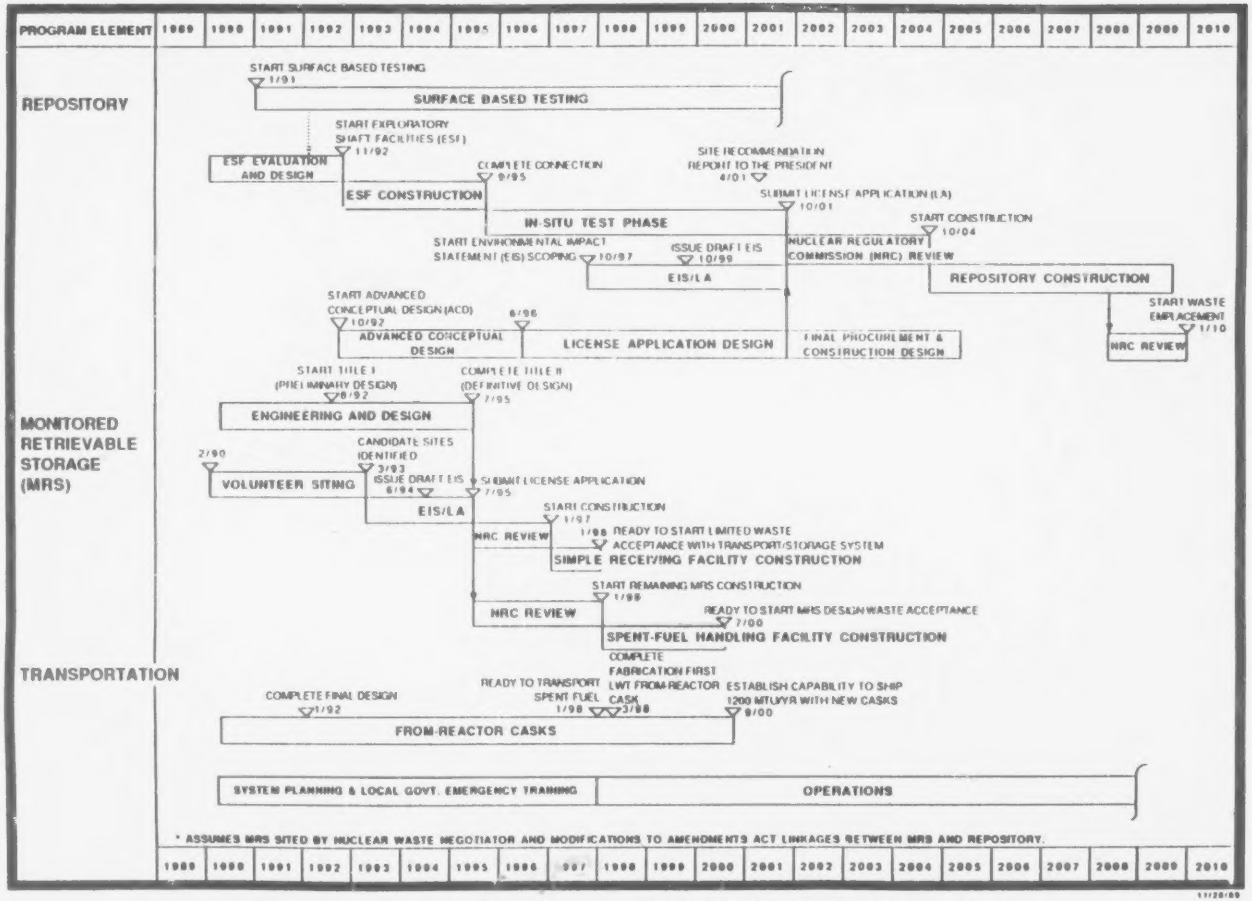
The FY 1991 budget request for the Civilian Radioactive Waste Research and Development (R&D) program as part of the DOE Energy Supply R&D programs is $0.7 million, compared to $1.0 million in FY 1990 (Table 2).

NUCLEAR WASTE FUND PROGRAM

The three major components of the integrated waste management system being developed by DOE under the Nuclear Waste Fund are a geologic repository, an MRS facility, and a transportation system. The current reference schedule for these program elements is contained in Figure 1.

FIRST REPOSITORY

Yucca Mountain, Nevada, has been designated by the Nuclear Waste Policy Act (NWPA), as amended, as the candidate site for detailed site



* ASSUMES MRS SITED BY NUCLEAR WASTE NEGOTIATOR AND MODIFICATIONS TO AMENDMENTS ACT LINKAGES BETWEEN MRS AND REPOSITORY.

FIGURE 1. REFERENCE SCHEDULE FOR RESTRUCTURED PROGRAM *

TABLE 2

Department of Energy
FY 1991 Congressional Budget Request
Energy Supply, Research and Development
(dollars in thousands)

LEAD TABLE
Civilian Radioactive Waste Research & Development

Activity	FY 1989 Actual	FY 1990 Estimate	FY 1991 Request
Spent Fuel Storage Development			
Cooperative Agreements			
Dry Cask Storage	200	200	160
Concrete Horizontal Cask Storage	50	50	0
Dual Purpose Transport/Storage	960	0	0
Subtotal, Cooperative Agreements	1,210	250	160
Generic R&D Studies	950	500	380
Cooperation with Non-Nuclear Weapons States	50	50	50
Annual Federal Interim Storage Deployment Plan and Storage Fee Study	90	0	0
Subtotal, Spent Fuel Storage Development	2,300	800	590
Program Direction	198	200	110
TOTAL, Civilian Radioactive Waste Research and Development	2,498	1,000	700
Staffing (FTE's)	3	3	2

characterization activities, to determine whether the site is suitable for a high-level waste repository.

For repository-related activities during FY 1991, DOE is requesting $183.2 million, plus $10 million for capital equipment. This corresponds with $176.1 million requested in FY 1990. (The estimate for FY 1992 is $200.0 million and for FY 1993, $206.5 million.) The funding requested for FY 1991 anticipates a successful conclusion to the legal action with the State of Nevada and initiation of new surface based scientific investigation at Yucca Mountain. The current schedule for completion of first repository milestones is presented in Table 3.

Major ongoing activities to be continued at Yucca Mountain during FY 1991 include non-surface disturbing work, such as seismic, hydrologic, and meterologic monitoring; studies on volcanic processes and events; laboratory work such as geochemical and rock mechanics studies; prototype testing, including prototype drilling offsite; quality assurance activities; and program managerial activities. Examples of surface-based testing activities requiring permits include drilling of deep boreholes up to 3000 feet in depth in the unsaturated zone at Yucca Mountain.

Other work will include analyses and performance assessment of waste packaging, waste forms, and waste containers; and development of systems design requirements to support design restart and performance assessment of the Exploratory Shaft Facility (ESF).

TABLE 3

SCHEDULE FOR THE REPOSITORY

Milestone	Current Schedule a/
Start of new surface-based testing	1/1991
Start of exploratory shaft construction	11/1992
Start of in situ test phase b/	9/1993
Draft environmental impact statement	10/1999
Final environmental impact statement	3/2001
IF YUCCA MOUNTAIN CANDIDATE SITE FOUND SUITABLE:	
Submittal of the site recommendation report to the President c/	4/2001
Submittal of the license application to the Nuclear Regulatory Commission	10/2001
Receipt of a construction authorization from the Nuclear Regulatory Commission	10/2004
Start of construction	10/2004
Start of repository operations	1/2010

a/ The schedule is given in calendar years

b/ In situ testing is assumed to start when the exploratory shafts are connected.

c/ It is assumed that no notice of disapproval is filed by the State of Nevada, and that the site designation becomes effective within 60 days of the President's recommendation.

During FY 1991 in the regulatory and institutional area, we will complete remaining permit applications for site characterization activities; prepare two semiannual progress reports required by the NWPA; conduct environmental monitoring activities; prepare responses to comments received on site characterization activities; and develop materials and participate in meetings with the NRC, Nuclear Waste Technical Review Board, Advisory Council on Nuclear Waste, and other groups. The request also provides for continued operation of the Yucca Mountain Information Office which opened last month in Las Vegas, as well as the Information Office in Beatty, Nevada, and contributes to project interactions with the State of Nevada and affected local governments.

We will continue to update and implement Environmental and Socioeconomic Monitoring and Mitigation Plans for the Yucca Mountain candidate site. In addition, we will continue financial assistance to the State of Nevada and affected local governments for oversight consistent with congressional direction provided in the FY 1990 Energy and Water Development Appropriations Act, and will make impact assistance payments, as appropriate.

In the area of exploratory shaft facility (ESF) design, during FY 1991 we plan to resume development of Title II (i.e., final) design packages for the Exploratory Shaft Facility. The final design packages will incorporate the information developed during the ESF alternatives evaluation.

Development of study plans for site characterization will continue throughout FY 1991. Currently, 33 study plans are undergoing DOE review and of these, 8 have been forwarded to the NRC for its review. In addition, 35 more study plans are scheduled to enter the DOE approval process by end of the first quarter of FY 1991.

During FY 1991, we will continue to participate in international scientific activities such as Interval and Geoval, and will sponsor a second International High-Level Waste Conference in Las Vegas, Nevada. (The first such conference will be held in April 1990.)

MONITORED RETRIEVABLE STORAGE

The NWPA, as amended, authorizes an MRS facility as an integral part of the overall waste management system and places certain conditions on its siting, construction, and operation. We are currently reviewing legislative options that may be available for establishment early of an MRS. We are also developing an MRS strategy to focus on siting through a volunteer host and provides for deployment of the MRS in two phases. The FY 1991 budget request for the MRS is $10 million, as compared with $3 million in FY 1990. (The estimate for FY 1992 is $10.4 million and for FY 1993, $10.7 million.)

Major activities to be conducted during FY 1991 include continued implementation of siting initiatives; development of a grant program and provision of grants to jurisdictions to study the feasibility of siting an MRS in their jurisdiction; development of environmental background data; and, if a potential volunteer is identified, initiation of an environmental assessment. Additional activities include conduct of comparative design analyses for an MRS; systems analyses to ensure that the MRS facility is fully integrated into the waste management program; and transportation support systems studies to ensure that the necessary transportation capabilities are in place to support MRS operations.

The reference schedule for development of an MRS is contained in Figure 1 on page 8a and a simplified schedule comparing the previous MRS schedule and current planning schedules is contained in Table 4.

TRANSPORTATION, SYSTEMS INTEGRATION, AND ENGINEERING DEVELOPMENT

The areas of transportation, systems integration and engineering development are similar in that they each cover responsibilities that cut across OCRWM program elements and components of the waste management system and, therefore, require integration of effort and of technological and institutional components. The effective development and functioning of these responsibilities is necessary to ensure safety, efficiency, reliability, cost effectiveness, and schedule maintenance in the Civilian Radioactive Waste Management Program.

The FY 1991 request for activities related to transportation, systems integration and engineering development is $30.3 million as compared with $22.0 million in FY 1990. (Estimates for FY 1992 are $31.3 million and for FY 1993, $32.4 million). A breakdown and futher discussion of each of these program responsibilities is as follows:

Transportation

The objective of the transportation program is to assure that a safe, environmentally acceptable and cost-effective transportation system is in place when needed to support waste management system facility operations. The transportation system will utilize the private sector whenever feasible and cost effective.

TABLE 4

SCHEDULE FOR THE MRS FACILITY *

Milestone	Previous Schedule	Current Schedule With Repos. Linkages	Current Schedule With Linkages Modified
Submittal of license application to the Nuclear Regulatory Commission	1995	2001	1995
Receipt of license from the Nuclear Regulatory Commission	1997	2004	1997
Start of MRS facility construction	1998	2004	1997
Phase I of MRS facility operational	2003	2007	1998
Phase II of MRS facility operational	N/A	N/A	2000

* Schedule given in calendar years

During FY 1991, DOE is requesting $19.9 million (out of the $30 million for transportation). (This compares with $17.7 million requested in FY 1990). Major activities to be conducted in this area include completing final designs and issuing reports on two transportation cask designs; conducting drop and design verification tests; and continuing cooperative activities with regional and national organizations. In addition, DOE will continue to conduct a pilot inspection program and initiate the development of transportable storage systems for Phase I of the MRS.

Systems Integration

The objective of Systems Integration is to ensure integration of the planning, design and operation of all the necessary components of the waste management system. The approach to accomplishing this objective includes: identifying and baselining technical requirements for the total system; maintaining a current description of the system, components, and interfaces that meet requirements; and enhancing coordination among respective program elements.

During FY 1991 we are requesting $7.0 million for Systems Integration activities, as compared with $3.8 million in FY 1990. Systems integration activities to be conducted include conducting systems analyses of dose, cost, aggregate receipt rate, and overall system operation. In addition, we will develop technical waste acceptance criteria and develop interfaces with waste generators.

Engineering Development

The Engineering Development program develops and demonstrates cross-cutting technology required in a waste management system. One such cross-cutting technology is the process to consolidate spent nuclear fuel assemblies on a production line basis to meet the annual throughput requirements of an MRS or a geological repository. Another such technology is development of alternative dry storage concepts for spent nuclear fuel.

For FY 1991, we are requesting $3.4 million for Engineering Development (as compared with $0.45 million in FY 1990). The main activity to be conducted in this area is to continue Phase III of the prototype rod consolidation project.

PROGRAM MANAGEMENT AND TECHNICAL SUPPORT

The activities detailed under this program element include Program Management (salaries, benefits, and travel), contractual services, and technical support. During FY 1991, we are requesting $59.3 million, as compared with $67.0 million in FY 1990. (The estimates for FY 1992 and FY 1993 are $61.4 million and $63.3 million, respectively.) This level will support staffing of 250 full-time equivalents, which include:

- Headquarters OCRWM -	136
- Field	99
- Headquarters Matrix	15

The requested funding will also support activities to provide program-wide technical support in audit, fee verification, data collection and analysis. It will fund fellowship and historically Black Colleges and Universities programs, as well as fund external relations and outreach, and public involvement. It will provide funds to support the Nuclear Waste Technical Review Board, and Cooperative Agreements with the National Academy of Sciences and will fund continued interaction with the National Congress of American Indians, the National Conference of State Legislatures, and Quality Assurance oversight. Finally, it will fund continued development of the Licensing Support System and support for the Integrated Resource Management System.

NUCLEAR REGULATORY COMMISSION FEES

The Nuclear Waste Fund provides funding for the Nuclear Regulatory Commission (NRC) tasks as delineated in the NRC Budget Request. Prior to FY 1990, funds for NRC's licensing related activities conducted in accordance with NWPA, as amended, were requested by the DOE from the Nuclear Waste Fund and paid retrospectively to the NRC. Beginning in FY 1990, and continuing in FY 1991, requests for Nuclear Waste Fund funding for NRC activities were included in NRC's budget request to Congress.

NUCLEAR WASTE FUND

The Nuclear Waste Fund (NWF) was established in FY 1983 under sections 111 and 302 of the Nuclear Waste Policy Act of 1982 (NWPA). According to section 111 of the NWPA, the NWF is "composed of payments made by generators and owners of ... waste and spent fuel, that will ensure that the costs of carrying out activities relating to the disposal of such waste and spent fuel will be borne by the companies responsible for generating such waste and spent fuel...."

Since inception, fees collected and interest earned on investments have totalled $5.1 billion. Expenditures included $945.2 million for activities associated with Yucca Mountain-related studies, $65.3 million for NRC oversight, $1.45 million for MRS Commission activities, and $94.8 million for grants provided to affected States and Indian Tribes. Projected utility fee collections are shown in Table 5.

The NWF financial statements have been audited by an independent public accounting firm since the inception of the program. A copy of the FY 1989 financial statement which shows a more detailed breakdown of cumulative revenues earned and accrued costs of the program since inception of the NWF is included in the OCRWM Annual Report.

CIVILIAN RADIOACTIVE WASTE R&D

The goal of the Civilian Radioactive Waste R&D program is to encourage and expedite the development and demonstration of technologies for new and more efficient on-site storage capacity for spent fuel to permit the orderly continuation of electricity generation operations by the utilities prior to the availability of Federal storage and disposal facilities. The Civilian Waste R&D program is not funded out of the Nuclear Waste Fund, but instead, from the General Fund (see Table 6).

During FY 1991, we are requesting $700,000, as compared with $1 million in FY 1990. Activities to be conducted include generic research and development studies; cooperating with non-nuclear weapons states; and program management. This also supports staffing for two full-time equivalents.

SUMMARY

In summary, the Department is committed to successful implementation of the NWPA, as amended, through sound technical and institutional programs. Today, I have discussed with you a number of measures, the implementation of which will provide the necessary framework to proceed

TABLE 5

Nuclear Waste Fund
Summary of Cash Receipts and Disbursements
Cumulative Through December 31, 1989
(Dollars in millions)

Receipts	
Fees	
One-time Spent Fuel Fee	
Option 3 - by 6/30/86	$1,425.3
Option 1 - 40 Quarter payments	27.1
Total One-time Fee	1,452.4
Ongoing kilowatt-hour Fees	2,728.0
Interest Collected on Investments 1/	877.4
Total Receipts	5,057.8
Disbursements	
Disbursment for Operations 3/	2,690.9
Other Disbursement	
Interest Expense on Debt 2/	10.3
Interest Refunded to Utilities	7.6
Net Investments 4/	2,348.9
Total Disbursements	$5,057.7
Cash Balance	0.1

1/ Actual interest earned through December 31, 1989 was $655.4 million. Net gains from the sale of Treasury securities was $32.2 million.

2/ Appropriated debt of $264 million repaid 9/85.
Interest on appropriated debt paid 10/84, 10/85 and 9/86.

3/ Disbursements include repayment of debt to Treasury (appropriated debt) of $264 million.

4/ This figure represents the book value of investments as of December 31, 1989.

TABLE 6

Civilian Radioactive Waste Research and Development
Office of Civilian Radioactive Waste Management
(dollars in thousands)

Funding Activity	FY 1989	FY 1990	FY 1991 Request
Spent Fuel Storage Development Cooperative Agreements:			
Dry Cask Storage	200	200	160
Concrete Horizontal Cask Storage	50	50	0
Dual Purpose Transport/ Storage	960	0	0
Generic Research & Development Studies	950	500	380
Cooperation with Non-Nuclear Weapons States	50	50	50
Annual Federal Interim Storage Development Plan and Storage Fee Study	90	0	0
Program Direction	198	200	110
TOTAL, Civilian Radioactive Waste Research and Development	2,498	1,000	700
Staffing (FTE's)	3	3	2

with scientific investigations, to gain public confidence in our ability to develop and manage this important national program, and to assume our proper role as protector of the public health, safety and environment in civilian radioactive waste management.

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